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STATE OF MINNESOTA FINANCIAL REPORT

Year Ended June 30, 1980

DEPARTMENT OF FINANCE
309 State Administration Building
St. Paul, Minnesota 55155

STATE OF MINNESOTA

GOVERNOR	Albert H. Quie
LIEUTENANT GOVERNOR	Lou Wangberg
SECRETARY OF STATE	Joan Anderson Growe
STATE TREASURER	James Lord
STATE AUDITOR	Arne H. Carlson
ATTORNEY GENERAL	Warren Spannaus

COMMISSIONER OF FINANCE
Wayne S. Burggraaff

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STATE OF MINNESOTA
DEPARTMENT OF FINANCE
309 STATE ADMINISTRATION BUILDING
SAINT PAUL, MINNESOTA 55155

612-296-5500

December 23, 1980

To: Governor Quie and Members of the 72nd Legislature

In accordance with the provisions of Minnesota Statutes 16A.50, the Annual Financial Report of the State of Minnesota for the fiscal year ending June 30, 1980 is herein submitted. This report summarizes the financial operations of various state funds and their financial position as of June 30, 1980.

As discussed in the footnotes and as indicated by the Legislative Auditor's opinion, changes in financial reporting have been implemented in the 1980 report to conform to generally accepted accounting principles (GAAP). The implementation of these changes has affected most funds and delayed the report by one month; however, preliminary financial statements were published in the State's Official Statement (bond and certificate sale) in early November.

The bond rating agencies and the federal government have placed increasing emphasis, with potentially significant financial consequences, on financial reporting in accordance with GAAP. Standard and Poor's Corporation has lowered bond ratings of some governments citing reporting weaknesses and lack of audited financial statements. During 1980, the State of Minnesota retained the most favorable bond rating and fully complied with the financial reporting and audit requirements of the Federal Office of Revenue Sharing.

To meet this increased demand for GAAP reporting, the Department of Finance will continue to pursue improvement in the state's financial reporting practices subject to accounting standards, legislative directives, and available resources.

Sincerely,

Wayne S. Burggraaff

Wayne S. Burggraaff
Commissioner

STATE OF MINNESOTA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 1980
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STATE OF MINNESOTA

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 1980

INTRODUCTORY SECTION

PURPOSE AND SCOPE

The purpose of this report is to provide financial information on the state government of Minnesota in accordance with the requirements of Minnesota Statutes 16A.50. Also, this report is prepared to meet the disclosure practices and requirements for financial reporting as prescribed by: (1) *Governmental Accounting, Auditing, and Financial Reporting* (GAAFR, 1968) published by the National Committee on Governmental Accounting; (2) the *Industry Audit Guide, Audits of State and Local Governmental Units* (ASLGU, 1974) published by the American Institute of Certified Public Accountants; and (3) the 1979 revisions to GAAFR: *Statement 1, Governmental Accounting and Financial Reporting Principles* and *Statement 2, Grant, Entitlement, and Shared Revenue Accounting and Reporting by State and Local Governments.* Although the revisions to GAAFR are not effective until fiscal year 1981, earlier application was encouraged and we have accordingly incorporated some modifications in this report. These modifications and the basis of accounting are more fully discussed in the footnotes to the financial statements.

This report covers the information resulting from financial operations for the year ended June 30, 1980.

The introductory section of this report provides general information relating to the policies and administration of the fiscal affairs of the state. The following financial section is comprised of the combining governmental fund financial statements, the general footnotes applicable to most funds, the financial statements of the individual funds and general long-term debt group of accounts with related footnotes, and supplementary schedules. Lastly, the statistical section presents social and economic data of general interest.

The state's funds are classified in either the governmental, proprietary or fiduciary fund category. The governmental fund category is that through which most state functions are financed and is comprised of the general, special revenue, capital project and debt service funds. The proprietary fund category consists of the internal service and enterprise funds and is used to account for activities where net income and capital maintenance are measured, similar to businesses in the private sector. The fiduciary fund category consists of the trust and agency funds that are used to account for assets held by the state in a trustee capacity or as an agent for other governmental units, individuals or other funds.

The following financial statements' schedules and footnotes are presented:

- All Governmental Funds and General Long-Term Debt Group of Accounts -- Balance Sheet
- All Governmental Funds -- Combining Statement of Revenues, Expenditures and Changes in Fund Balance
- Combined Schedule of Investments and Cash Balances
- General Footnotes to the Financial Statements

Governmental Funds

Balance Sheet

Statement of Revenues, Expenditures and Changes in Fund Balance

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Statement of Changes in Financial Position

General Long-Term Debt Group of Accounts

Statement of Changes in General Long-Term Debt

Schedule of Debt Service for Fiscal Years 1981-2000

All Other Funds

Analysis of Cash Flow

In addition to the above, various supplemental schedules are presented throughout the report.

STATE GOVERNMENT

Minnesota was formally organized as a territory in 1849 and was admitted to the Union on May 11, 1858, as the 32nd state. Minnesota is bordered by Canada on the north, Lake Superior and Wisconsin on the east, Iowa on the south, and North and South Dakota on the west. It is the 12th in area and 19th in population among the 50 states.

Minnesota's Constitution organizes state government into three branches: Executive, Legislative and Judicial.

The Executive Branch is headed by the Governor. The Governor, Lt. Governor, Attorney General, State Auditor, State Treasurer, and Secretary of State are popularly elected to four year terms. There are 20 departments and nearly one hundred agencies, boards, councils, and authorities which comprise the Executive Branch. Most departments and agency heads are appointed and serve at the pleasure of the Governor, subject to confirmation by the Senate.

The Legislative Branch is composed of a Senate and a House of Representatives. There are 67 senators who serve 4 year terms. House members number 134 and serve 2 year terms.

The Judicial Branch is headed by a Supreme Court composed of a Chief Justice and 8 Associate Justices. Three levels of courts function within the Judicial Branch: supreme court, district courts, and municipal courts.

A general organization chart of state government is shown on page 13. This figure displays the various categories of the state's service functions and the organization units associated with the delivery of the service activities.

FISCAL ADMINISTRATION

The Department of Finance was created in 1973 under the control and supervision of the Commissioner of Finance. The commissioner is designated by statute as the chief accounting officer, the principal financial officer, and the state controller and is assigned responsibility for the administration of the financial affairs of the state. Previously, financial responsibilities for state affairs were assigned to various other departments and offices. Included in the financial duties of the commissioner are:

- Preparation of state biennial budget and capital budget.
- Maintenance of general books of account and administration of the statewide accounting system including a central disbursement system.
- Administration of the state payroll system.
- Sale and issuance of state general obligation bonds and general obligation certificates of indebtedness.
- Preparation of periodic and special reports on the financial affairs of the state.
- Operation and control of allotment system (annual agency operating budgets).
- Preparation of revenue estimates.
- Banking and cash management activities.

ACCOUNTING SYSTEM

State law requires the Commissioner of Finance to maintain an accounting system that shows at all times, by funds and items, amounts appropriated and estimated revenues therefor; amounts allotted and available for expenditure; amounts of obligations authorized to be incurred; actual receipts, disbursements and balances on hand; and unencumbered balances after deduction of all actual and authorized expenditures.

In fiscal 1974, by means of a computerized statewide accounting system, the state of Minnesota changed its method of financial reporting from a cash basis to a modified accrual basis for its governmental funds. Under this system, revenues are recognized in the period when they become both measurable and available to finance current period expenditures. Expenditures are recorded on the encumbrance method of accounting.

State law requires the Commissioner of Finance to administer the payroll of all employees of the executive branch of government. In addition, the judiciary has its payroll prepared by the Department of Finance.

The accounting system is organized on a fund basis. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Funds are established for the purpose of carrying on specific activities or objectives in accordance with legal requirements.

INVESTMENTS

The State Board of Investment, comprised of five of Minnesota's constitutional officers, is responsible for the formulation of state investment policies and for the purchase and sale of securities. Monies from various funds are invested by the staff of the Board according to regulations on types and terms of investments imposed by law on each grouping. The investments are grouped as follows:

- Invested Treasurer's Cash – temporary investment of cash from all funds not immediately needed.
- Highway Funds – temporary investment of bond proceeds and receipts not immediately needed.
- Various retirement funds – investment of assets and reserves.
- Trust Funds – investment of assets and reserves.
- Other departmental funds.

FINANCIAL REPORTING

In 1979, state law was amended to require the Commissioner of Finance to prepare a comprehensive financial report for each fiscal year of the state in conformance with generally accepted accounting principles (GAAP) by the November 15 following the end of each fiscal year. As more fully discussed in the general and specific footnotes, the Commissioner of Finance has implemented changes in reporting practices to comply with generally accepted accounting principles. The Legislative Auditor's opinion included in this report indicates the status of the improvements in reporting practices and exceptions yet to be resolved.

The state's funds are classified in governmental, proprietary, or fiduciary fund categories. The governmental fund category comprises the general, special revenue, capital project, and debt service funds. Most state operations are included in this category. The proprietary fund category comprises the internal service and enterprise funds. This category is used to account for activities where net income and capital maintenance are measured. The fiduciary fund category comprises the trust and agency funds. This category is used to account for assets held by the state in a trustee capacity or as an agent for other governmental units or funds.

GENERAL OBLIGATION DEBT

The full faith and credit and unlimited taxing powers of the state are pledged for the payment of all general obligation bonds. The outstanding principal and interest due are payable primarily from money appropriated from the general fund for transfer to the debt service fund. Funds are also appropriated from special revenue funds and other revenue sources.

Minnesota's reputation in the national bond market is excellent. State general obligation bonds are rated "triple A" by both Moody's Investors Services and Standard & Poor's Corporation. Credit reports point to Minnesota's favorable debt structure, rapid amortization, stable financial operations and a strong and diversified economy.

On November 6, 1980, $90 million of general obligation bonds and $100 million in certificates of indebtedness were sold. Both issues were assigned the most favorable rating by the rating agencies.

AGENCY DEBT

State law creates several public corporations having specific but limited powers of statewide application, and having the power to issue their own debt instruments which may be general obligations or special revenue obligations of the corporation, but which are not general obligations of the state. The narratives on pages 10-12 identify these corporations, their borrowing authorizations and purposes, and the nature and amount of their outstanding indebtedness.

REVENUES

The State of Minnesota derives approximately 70% of its gross revenues from taxes. Of these, the Individual Income Tax and the Sales and Use Taxes have historically represented approximately 60% of total tax revenue.

Individual Income Tax: The Individual Income Tax is the single largest source of tax receipts. It is levied on most income, including wages, salaries, tips, dividends, interest, pensions and annuity payments. Taxable income is determined by subtracting federal tax paid and deductions from gross income.

In calendar year 1980 state law imposed the following graduated rates:

1980 Brackets			
At Least		But Less Than	1980 Rates
$ 0	–	$ 599	1.6%
$ 599	–	$ 1,198	2.2
$ 1,198	–	$ 2,394	3.5
$ 2,394	–	$ 3,590	5.8
$ 3,590	–	$ 4,786	7.3
$ 4,786	–	$ 5,982	8.8
$ 5,982	–	$ 8,374	10.2
$ 8,374	–	$10,766	11.5
$10,766	–	$14,952	12.8
$14,952	–	$23,921	14.0
$23,921	–	$32,890	15.0
$32,890 and over			16.0

Beginning January 1, 1979, the tax brackets are expanded annually by 85% of the percentage increase in the Minneapolis-St. Paul All-Urban Consumer Price Index.

Minnesota tax liability is reduced by the use of tax credits, including personal, dependent, and low income credits. These credits are subtracted directly from the tax liability. Effective January 1, 1981, personal and dependent credits will be increased by 100% of the percentage increase in the Minneapolis-St. Paul All-Urban Consumer Price Index.

The 1975 Legislature enacted the Income Adjusted Homestead Credit (circuit breaker) or property tax refund, which provides a refund that depends upon a renter's or homeowner's income and property tax liability.

Sales and Use Taxes: A 4% sales tax is applied to most retail sales with the exception of food, clothing, medicines and drugs. The Use Tax complements the Sales Tax and is imposed on the storage, use or consumption of taxable, tangible personal property in Minnesota. It is primarily intended to cover purchases from out-of-state retailers not required to collect the Sales Tax.

Corporate Excise Tax: Corporations doing business in Minnesota are taxed at a rate of 12% of net taxable income. Federal corporation income taxes are not deductible.

Deductions or credits allowed in determining corporate tax liability include credits for dividends received from other corporations.

Multi-state corporations may apportion their income to Minnesota based on a three-factor formula using property, payroll and sales. A corporation may use the average ratio of these factors or a weighted ratio of 15% property, 15% payroll and 70% sales, whichever is lower. This formula encourages Minnesota based manufacturers to expand manufacturing, research and office facilities in the state and provides incentive to sell finished products or services nationwide.

Motor Fuels Taxes: Gasoline and special fuels are taxed at $.11 per gallon. Taxes collected on all fuel sales other than sales of aviation fuels are dedicated to the Trunk Highway, Municipal State Aid Street and County State Aid Highway Funds. Taxes collected on sales of aviation fuels are dedicated to the State Airport Fund.

Gross Earnings Tax: A tax on Minnesota gross earnings is imposed on the following enterprises at the rates shown:

Telephone:	4% or 7% of gross earnings depending on the size of the city where located, or $.30 per telephone connected if yearly gross earnings are less than $1,000
Railroads:*	2%*
Freight Lines:	7%
Express Companies:	5%
Taconite Railroads:	5% of tonnage taconite concentrates
Telegraph Companies:	6%
Insurance Companies:	2% of gross premiums except for variety of rates for special types of insurance or foreign insurers.

In general, the Gross Earnings Tax is in lieu of a local property tax.

Motor Vehicle Excise Tax: Motor vehicle sales, new and used, are exempt from the Sales and Use Tax, but are subject to a 4% Motor Vehicle Excise Tax collected at the time of ownership transfer.

Liquor and Malt Beverage Taxes: Liquor is taxed on a graduated rate schedule according to the alcoholic content of the product. The rate varies from $.17 per gallon to $4.39 per gallon. Beer is taxed at $2.00 per 31-gallon barrel for 3.2% or less alcohol and $4.00 per 31-gallon barrel for over 3.2% alcohol. Liquor and beer sales are also subject to the 4% Sales Tax. (The first 75,000 barrels of beer sold in the state is taxed at the established rate less $2.00 a 31-gallon barrel.)

Cigarette and Tobacco Products Taxes: Cigarettes are taxed at $.18 per package, but are exempt from the Sales Tax. Other tobacco products are taxed at 20% of the wholesale price of the product, and are not exempt from the Sales Tax.

Severance and Tonnage Taxes: These are specialized business taxes that are levied on all minerals mined and include:

- Occupation taxes of 15.5% on the value of iron ore and 15% on taconite, semi-taconite and iron sulfides;
- Production taxes of $1.25 per gross ton of merchantable iron ore concentrate (in 1978 and subsequent years the tax shall be equal to $1.25 multiplied by the steel mill products index during the production year and divided by the index during 1977 with $1.25 per gross ton the least amount charged); and the current rate is increased by 1.6% for each percent of iron content in excess of 62%; and

*Laws enacted by the 1979 state legislature provide for a phase out of the Railroad Gross Earnings tax in favor of local property tax on railroads. During 1979 and 1980, the phase out period, the rate on Railroad Gross Earnings is reduced to 2%.

- Royalty taxes for permission to explore, mine, take out and remove natural iron (15.5%), taconite, semi-taconite and iron sulfide (15%), and copper and nickel (1%).

Motor Vehicle License Tax: Motor vehicles are taxed according to the type or use of the vehicle: passenger car, motorcycle, truck, bus or recreational vehicle. The tax is based on either the value (passenger car) or the gross weight (others) according to a schedule for each type. All revenues are dedicated to the Trunk Highway, Municipal State Aid Street and County State Aid Highway Funds.

Estate Tax: Effective for estates of persons dying after December 31, 1979, the Inheritance and Gift Tax is replaced with an Estate Tax.

The tax base is federal gross estate less various exemptions and deductions provided. Rates of tax range from 7% to 12% on taxable amounts over $1,000,000. The tax may not be less than the state death tax credit used against federal estate tax.

Bank Excise Tax: Banks are subject to an excise tax measured by their net taxable income, which is determined in the same manner as for corporations, except for specific adjustments for certain investments and dividends. The rate of taxation is 12%. This tax is in lieu of all taxes on capital, surplus, property, assets, and shares, except ad valorem taxes imposed upon real property.

Federal Grants and Revenue Sharing: Minnesota receives about 20% of its total gross operating revenues in the form of federal funds. Major federal programs administrated by the state in fiscal 1980 included the Medical Assistance Program and income maintenance programs. Minnesota received $45.5 million from the General Revenue Sharing program in Fiscal 1980.

REVENUE FORECASTING PROCESS

The Department of Finance makes forecasts three times during each legislative session. An initial forecast is made prior to the start of the session. A second forecast is made to provide the legislature with updated estimates before the sessions end. A final forecast is made after the session is over to incorporate the changes that have been enacted by the legislature during the session. The forecast period is two and one-half years for the odd year session, and one and one-half years for the even year session. Forecast information is included in the Fund Statements and Fund Reports issued by the Department of Finance.

BIENNIAL BUDGET PROCESS

In January of odd-numbered years the Governor presents to the Legislature a recommended budget for the biennium commencing the following July 1. The presentation consists of the Governor's budget message, recommendations regarding fiscal policy and a general budget summary which contains supporting schedules and statements that show expenditures and revenue by organizational units, objects, sources, and funds. Any proposed new borrowing or new revenue sources are included, as well as detailed budget estimates of expenditures and revenues.

Minnesota uses a program type budget which combines those items of cost necessary to carry out a particular program at a given level of service. Under this system the costs of new or expanded services are clearly identified.

The process leading to the Governor's recommendations begins with a statement by the Governor of general budget policy and objectives, within which agency heads prepare their requests. Agency requests are then reviewed at open hearings conducted for the Governor by the Department of Finance. Recommended budget figures are then determined consistent with the goals of the administration and availability of revenue.

The Legislature, in turn, conducts its own hearings, accepting or modifying budget figures. When a related appropriations bill is passed, the Governor may accept it or veto it on a total or line-item basis.

Expenditures by state departments in excess of appropriations are prohibited by law. Further, if a probable deficiency is anticipated in the revenues for any appropriation, Minnesota law requires the Commissioner of Finance to reduce the amount allotted for expenditure to prevent a deficit.

AUDIT CONTROL PROCEDURES

The Office of the Legislative Auditor is the post audit agency of all state departments, agencies, boards and commissions. The Office of the Legislative Auditor conducts the audits of all accounts, records, inventories, vouchers, receipts, funds, securities, and other assets at least once a year, if funds and personnel permit, and oftener if deemed necessary or as directed by the legislature or the Legislative Audit Commission.

The Department of Finance maintains an internal audit staff which performs periodic audits of the Department of Finance policies and procedures.

COLLECTIVE BARGAINING AGREEMENTS

In 1980 the state legislature amended state law in a manner which significantly altered the collective bargaining process in the state. Where previously 112 bargaining units existed, the 1980 law creates 16 bargaining units for state employees and 12 for the University of Minnesota. These units are created along occupational lines. Managerial employees remain excluded from collective bargaining.

Compensation, health benefits, vacations, leaves of absence, layoffs, and work hours for each bargaining unit are now determined by agreement between the unit and the state, which is subject to approval by the state legislature. For non-represented employees, these items are determined by the State Department of Employee Relations.

The right of state employees to strike was also expanded with certain limitations. Non-essential public employees can strike after expiration of their contract with 10 days notice of intent to strike. Essential employees are not permitted to strike but have the right to binding arbitration.

Contract negotiations usually begin in the autumn of even numbered years. Previously, negotiations had to be complete no later than May 15 of each odd numbered year. This date no longer applies and negotiations can be completed at any time.

The 1980 legislation also reorganized the state's personnel department. The Department of Employee Relations now has a Personnel Division and a Labor Relations Division. The State Negotiator serves as the Deputy Commissioner of the Labor Relations Division.

MINNESOTA RETIREMENT SYSTEMS

In 1955, the legislature established the Legislative Commission on Pensions and Retirement. It is comprised of five members of the Senate and five members of the House. The commission performs the dual functions of analyzing proposed public pension legislation and studying the operation of the state's public pension funds. The commission has been primarily concerned with placing the various Minnesota public pension plans on a sound actuarial basis so that promised benefits will become an actuality and the fiscal burden of payment for public pensions will be evenly distributed on generations of taxpayers.

Specifically, Minnesota law directs the commission to:

- Make a continuing study and investigation of public retirement plans in Minnesota;
- Make recommendations within the scope of this study to establish and maintain sound pension policy for all public pension funds;

- File a report periodically with the Legislature; and
- Provide an analysis of each item of proposed pension legislation, including amendments.

The initial concentration of the commission was on studying the major statewide retirement plans, developing uniform actuarial reporting standards and maintaining strict control of cost items. The uniform actuarial reporting standards were codified and can be found in Minnesota Statutes, Chapter 356.

All actuarial valuations are required to be based upon an interest rate assumption of 5 percent and a salary scale assumption of 3.5 percent. Reporting standards require that actuarial valuations be performed in accordance with the entry age level normal cost method.

In the last decade, the focus of attention of the commission has widened to include a greater scrutiny of the many local retirement plans and funds, a greater emphasis on providing adequate benefits at retirement, the development of increased interplan portability of pension credits, and a movement to simplify the pension system by emphasizing greater uniformity of benefits and other plan provisions. The simplification of the pension system through increased uniformity is intended to result in a more understandable and manageable overall system. In some instances, consolidation of pension plans and funds has been viewed by the commission as the best way to achieve this uniformity and simplicity.

Minnesota law requires that actuarial valuations of those plans to which the state directly contributes show the annual level dollar cost of amortizing the 1979 unfunded actuarial liability by 2009. If growth occurs in the unfunded liability after 1979 and that growth is due to benefit increases, changes in valuation assumptions, or changes in valuation methodology, the valuation reports must show the level dollar cost of amortizing the additional unfunded liability over thirty years from the end of the plan year.

There are five public retirement organizations for which the State of Minnesota carries a direct responsibility to provide all direct employer financing. These organizations are: the Minnesota State Retirement System, Teacher's Retirement Association, Minneapolis Teachers Retirement Association, St. Paul Teacher's Retirement Association, and Duluth Teacher's Retirement Association.

There are more than 600 other public pension funds or plans in Minnesota. The largest is the Public Employees Retirement Association (PERA) which covers municipal, county and non-professional school district employees, excepting Minneapolis. Other plans cover employees of the University of Minnesota, City of Minneapolis and numerous local police and fire associations. Laws 1979, Chapter 303 provides that the state will begin making direct contributions of part of the total employer contributions to the Minneapolis Municipal Employees Retirement Fund (MMER) and will be responsible for amortizing a sizable portion of the MMER unfunded accrued liability. The new law requires the state to contribute whatever is required to meet the actuarially determined amortization requirements of the fund which the employee and city contribution (now set by statute as a percentage rate) do not meet. The amount of the state's contribution to MMER has been estimated to be $1.1 million in F.Y. 1980 and $4.5 million in F.Y. 1981. Laws 1980, Chapter 607 provides that the state will begin making direct contributions of part of the total employer contribution to the various local police and salaried firefighters retirement funds and will be responsible for amortizing a sizable portion of the related unfunded accrued liability. The amount of the state's contribution to these local police and salaried firefighters retirement funds has been estimated to be $1.625 million in F.Y. 1981 and $6.5 million annually for the next 30 years thereafter.

Separate pension plans are maintained for constitutional officers, legislators and judicial officers. Employee contributions are credited to the general fund as unrestricted revenue. Annual appropriations are made for the annuities and survivor benefits payable for that year for the constitutional officers and judicial officers retirement plans. Annual appropriations are made for the legislative retirement plan for the amount of the actuarial amount of the full annuity due at the time a legislator retires. These funds are transferred to the Minnesota Post Retirement Investment Fund where they are invested until needed for payment of annuities. The unfunded liability for the constitutional officers and legislators retirement plan is not reflected on the general fund balance sheet because it is not regularly calculated.

OBLIGATIONS OF STATE AGENCIES

Minnesota Housing Finance Agency (MHFA). The MHFA is authorized by Minnesota Statutes, Chapter 462A, to issue its bonds and notes in amounts such that the principal amount outstanding at any time does not exceed:

(a) $225,000,000 issued for the purpose of providing funds for rehabilitation loans, or refunding bonds or notes issued for this purpose, plus

(b) $1,325,000,000 issued for other purposes specified in section 462A.08, which include: (i) purchasing, making or otherwise participating in the making of construction loans and long-term eligible mortgage loans for residential housing to persons and families of low and moderate income, or to sponsors of residential housing for occupancy by persons and families of low and moderate income, upon determination by the MHFA that such loans are not otherwise available from private lenders upon equivalent terms and conditions; and (ii) purchasing eligible securities the proceeds of which will be utilized for the purpose of residential housing for occupancy by persons and families of low and moderate income.

As of September 30, 1980, the amount of MHFA outstanding notes and bonds is as follows:

	Date of Issue	Final Maturity	Original Principal Amount	Amount Outstanding
Multifamily Housing Development Bond Anticipation Notes[1]	Various	12/29/1980	$ 144,600	$ 144,600
Construction Loan Notes				
1980 Series A	8/1/1980	8/1/1983	22,700,000	22,700,000
Total Notes Outstanding				**$ 22,844,600**
Housing Finance Bonds, GNMA Mortgage-Backed Securities Issue, Series A	9/1/1973	9/1/2004	30,000,000	18,965,000
Home Mortgage Bonds,				
1977 Series A	3/1/1977	1/2/2008	80,000,000	77,065,000
Residential Mortgage Bonds,				
1978 Series A	4/1/1978	7/1/2009	200,000,000	192,775,000
1980 Series A	6/1/1980	7/1/2012	123,790,000	123,790,000
State Assisted Home Improvement Program Bonds,				
1976 Series A	8/1/1976	2/1/1989	15,895,000	10,815,000
1977 Series A	4/1/1977	2/1/1990	23,670,000	19,315,000
1978 Series A	2/1/1978	2/1/1994	38,260,000	33,510,000
1979 Series A	2/1/1979	2/1/1995	34,845,000	34,845,000
1980 Series A	2/1/1980	2/1/1996	26,210,000	26,210,000
Multifamily Housing Bonds,				
1976 Series A	5/1/1976	2/1/2018	11,185,000	11,050,000
1977 Series A	11/1/1977	2/1/2020	83,535,000	82,705,000
Housing Development Bonds,				
1976 Series A	10/1/1976	2/1/2018	18,700,000	18,455,000
1976 Series B	12/1/1976	2/1/2019	27,530,000	27,235,000
1977 Series A	7/1/1977	2/1/2020	59,590,000	59,235,000
1978 Series A	6/1/1978	2/1/2020	68,190,000	68,190,000
1978 Series B	9/1/1978	2/1/2021	104,070,000	104,070,000
1979 Series A	8/1/1979	2/1/2022	89,045,000	89,045,000
Total Bonds Outstanding				**$ 997,275,000**
Total Debt Outstanding				**$1,020,119,600**

[1] The Total Bonds Outstanding does not include $18,415,000 of Multi-Family Housing Bonds 1975 Series A, $6,345,000 of Home Improvement Bonds 1975 Series A, and $48,570,000 of Single Family Housing Bonds 1974 Series A for which funds are held in escrow, have been invested and will be sufficient to pay the principal of, interest on, and call premiums related to the bonds at their earliest call date; as a result of which, the bonds are not deemed outstanding under the provisions of the resolutions authorizing them.

On October 17, 1980, the MHFA sold an additional series of $52.1 million in Housing Development Bonds.

The MHFA's notes and bonds are general obligations of the MHFA. Under Chapter 462A, the MHFA must annually determine and certify to the Governor for inclusion in the state budget, the amount, if any, needed to restore the debt service reserve fund for each issue of bonds to its debt service reserve requirement. In the opinion of bond counsel and general counsel to the MHFA, the Legislature is legally authorized to appropriate the amount included in the Governor's proposed budget for debt service reserve funds, but is not legally obligated to appropriate such amount. Under Chapter 462A, if such a deficiency is certified, the MHFA is also required to certify to the Governor any anticipated deficiency in the revenues of the following fiscal year, estimated to be available for the payment of principal installments and interest due in that year, and the Governor is required to report such an anticipated deficiency to the Legislature.

University of Minnesota. The University of Minnesota was established by Territorial Laws 1851, Chapter 3, adopted by the legislative assembly of the Territory of Minnesota. Pursuant to authorization by Congress on February 26, 1857, the voters of the state approved and adopted a state constitution on October 13, 1857. The state was admitted to the union by act of Congress passed on May 11, 1858.

The Minnesota Constitution confirmed and fixed the existence of the University as a separate institution of the state, having all rights, immunities, franchises and endowments previously granted or confirmed, and all lands and donations thereafter given to it. The University is governed by a board of twelve regents who are elected by the Legislature, and is dependent upon appropriations by the Legislature to pay much of its instructional costs. The regents are a body corporate with the right to sue and be sued and to make contracts.

Pursuant to this authority the Board of Regents has sold and issued bonds and notes to finance the construction of buildings and structures needed for the University. The amount of such bonds and notes outstanding as of November 1, 1980 is $61,226,615. The bonds and notes are payable solely from and secured by revenues to be derived from specified facilities and the general funds of the University, and by the full faith and credit of the University.

Minnesota Higher Education Coordinating Board (MHECB). The MHECB is authorized by Minnesota Statutes, Sections 136A.01 to 136A.236 and 136A.61 to 136A.88 and was established by law in 1965. The law authorized the MHECB to issue revenue bonds and notes to finance guaranteed loans for students attending eligible post-secondary educational institutions. The amount of such bonds outstanding at any one time, not including refunded bonds or otherwise defeased or discharged bonds may not exceed $300,000,000. The loans are made and insured in accordance with HEW's Guaranteed Student Loan Program instituted pursuant to Part B of Title IV of the Higher Education Act of 1965 as amended. As of November 1, 1980, the MHECB had $226,070,000 principal amount of bonds outstanding, of which $47,400,000 has been discharged and has deposited cash and securities in escrow for their payment, leaving a balance of $196,670,000 chargeable to its bond limit. These obligations are payable solely from loan repayments, loan insurance, loan and investment earnings, other money of the MHECB, and if necessary, from proceeds of additional MHECB obligations. The MHECB has tentative plans to issue $80,000,000 Guaranteed Student Loan Revenue Bonds on January 12, 1981.

Minnesota State University Board (MSUB). The MSUB is established and governed by Minnesota Statutes, Chapter 136, which authorizes the MSUB to issue its revenue bonds in the principal amount of $52,800,000 to finance the acquisition, construction, completion, remodeling and equipment of college buildings, including buildings to be used for residence hall, student union and food service purposes. All of such bonds have been issued, and as of November 1, 1980, $40,797,000 principal amount thereof remains outstanding. Such bonds are payable solely from and secured by an irrevocable pledge of revenues to be derived from the operation of the buildings financed and from fees imposed upon students for student activities, student facilities or other sources.

Minnesota Higher Education Facilities Authority (MHEFA). The MHEFA is established by Minnesota Statutes, Sections 136A.25 to 136A.42, passed in 1971. The law authorizes the MHEFA to issue revenue bonds to finance the acquisition, construction, improvement and remodeling of college buildings and

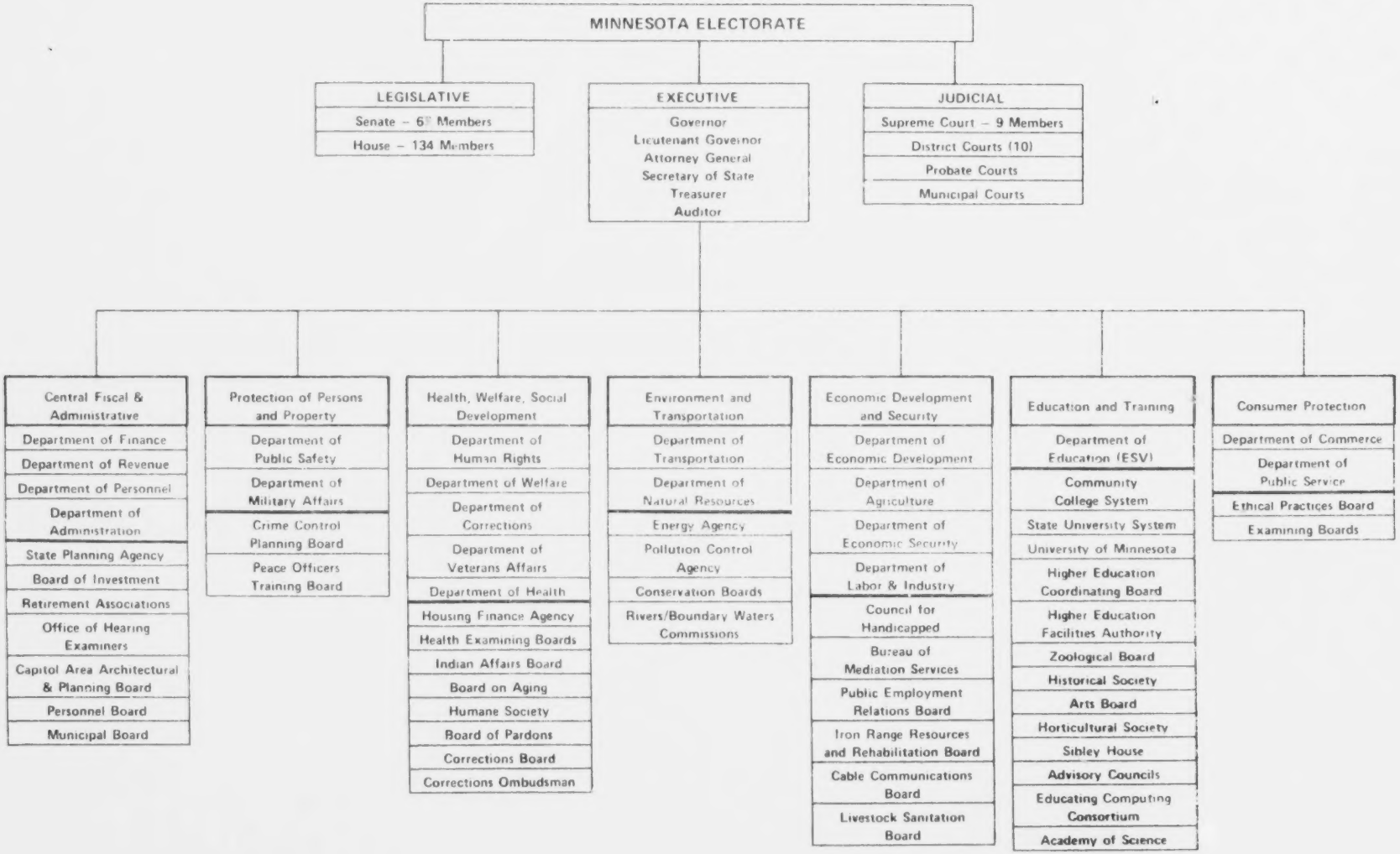
structures to be used solely for or to facilitate nonsectarian educational purposes, and to refinance facilities of this type. The amount of such bonds outstanding at any time may not exceed $100,000,000. As of November 1, 1980, the MHEFA had $63,315,000 principal amount of bonds outstanding. Each issue is payable solely from and secured by a first lien on the revenues of the project financed, reserve funds and a guarantee of the institution for which the project is financed.

Minnesota State Armory Building Commission (MSABC). The MSABC is established and governed by Minnesota Statutes, Chapter 193, which authorizes the MSABC to issue its bonds to finance the acquisition, construction, and equipment of armory buildings. The total principal amount of such bonds outstanding at any time may not exceed $4,500,000. As of November 1, 1980, the MSABC had $1,955,500 principal amount of bonds outstanding. The MSABC is required to lease each armory to the state for use by National Guard and naval militia, upon lease rentals specified by statute. The bonds are payable from ad valorem taxes levied by the county or municipality where the armory is located, state appropriations to pay lease rentals, and rentals or use charges derived from persons or groups other than the state using the armory where such use will not interfere with the state's use.

Minnesota State Zoological Board (MSZB). The state has appropriated monies to finance the acquisition and construction of a state zoological garden which is to be owned and operated by the MSZB. The garden is located on a site of over 400 acres in the Minneapolis-St. Paul Metropolitan Area, and is expected to be patronized by persons from all over the Midwest. The MSZB is not specifically authorized by law to borrow money or issue obligations in evidence thereof. However, in 1977 the Legislature authorized the MSZB to acquire an automated monorail transportation system for the garden by installment purchase contract, and the MSZB has entered into such a contract for this purpose. Under the contract, and a companion concession agreement, a Minnesota non-profit corporation is authorized to construct and acquire the system, has agreed to sell it to the MSZB for a purchase price of approximately $8,413,000 payable over a 14 year period with interest, and is authorized to take over and operate the system under the concession agreement in the event of default by the MSZB. All monies and receipts of the MSZB are required to be deposited in the state General Fund, and none of such monies and receipts can be expended except pursuant to an appropriation by the Legislature.

On April 1, 1980, the Minnesota State Zoological Board was unable to make the installment payment then due under the installment purchase contract. This event occurred because revenues realized from operation of the monorail system (which were appropriated by the Minnesota Legislature for the purpose of maintaining the system and making installment purchase payments) were not sufficient. Pursuant to the installment purchase contract, officials of the MSZB then sought additional funds from the Legislature. The Legislature, citing their firm belief that the installment purchase did not constitute a state obligation of any type and was never so intended, determined not to provide additional funding for this purpose. Thereafter, several certificate holders sought to declare the full installment purchase amount due and commenced a declaratory judgment action seeking a judicial determination that the state was liable for that sum (United States Fire Insurance Company, et al v. Minnesota State Zoological Board, et al – Minnesota District Court, Hennepin County). The District Court dismissed the certificate holders' complaint and held that the state's only obligation under the installment purchase agreement is to make payments thereunder from funds specifically appropriated by the Legislature for that purpose, if available. The involved certificate holders have appealed the District Court's decision to the Minnesota Supreme Court.

STATE OF MINNESOTA GENERAL ORGANIZATION CHART



STATE OF MINNESOTA
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Legislative Auditor

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Members of the Legislature
Honorable Albert H. Quie, Governor
Wayne S. Burggraaff, Commissioner, Department of Finance

1. Scope of Audit

We have examined the financial statements of the individual funds and General Long-Term Debt Account Group of the State of Minnesota for the fiscal year ended June 30, 1980, as listed in the foregoing table of contents, except for the Pension Trust Funds, as explained in paragraph 2, the budgetary comparative figures, as explained in paragraph 5, and the supplemental schedules as explained in paragraph 6. Our examination was made in accordance with generally accepted auditing standards, and except as explained in paragraph 4, included such tests of the accounting records as we considered necessary in the circumstances.

2. Pension Trust Funds

Current actuarial data for the Pension Trust Funds shown on pages 127 to 141 for the current fiscal year ended June 30, 1980, was not available for inclusion in the financial statements. We did not examine the financial statements of the aforementioned Pension Trust Funds for the year ended June 30, 1980, and accordingly we do not express an opinion on them. However, we will examine the financial statements of the aforementioned Pension Trust Funds for the year ended June 30, 1980, and express our opinion in separate reports when actuarial data is available.

3. Funds and Account Group Excluded from Financial Report

Several funds and the General Fixed Asset Account Group have been excluded from this financial report. General footnote 1.B discusses these specific funds and the reasons for their exclusion.

4. Local Government Information

Our examination did not attempt to verify the accuracy of the information provided by local units of government. This information is used to calculate various educational and general governmental aids made from the **General Fund** and **Federal Fund**. Accordingly, we were unable to determine the effect, if any, that reliance on this data will have on the financial position of the **General Fund** and **Federal Fund**.

5. **Budgetary Data**

A. The state has presented comparative budgetary data for the **General Fund, State Airports Fund, Game and Fish Fund, Trunk Highway Fund,** and **Highway Users Tax Distribution Fund,** as explained in general footnote 1.K. However, the estimated revenues may not necessarily represent original legislative appropriations. Further, we were unable to determine if the actual data presented on a budgetary basis was prepared using assumptions similar to those integral to the budget process. Accordingly, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the comparative budgetary statements presented for these funds.

B. Generally accepted accounting principles require the presentation of budgetary comparative statements for the General Fund and all Special Revenue Funds. The state did not present these required statements, as explained in general footnote 1.K, for the following Special Revenue Funds: **Special Revenue Fund, Federal Fund, Employment Services Administration Fund,** and **Gift Fund.**

6. **Supplemental Schedules**

The report includes several supplemental statements and schedules in the Financial Section as listed in the foregoing table of contents. Audit tests have been applied to certain of these, as explained below.

A. The report contains two combining schedules for all governmental funds and the General Long-Term Debt Account Group entitled, "Combining Balance Sheet" on pages 28 to 29 and "Combining Statement of Revenues, Expenditures and Changes in Fund Balance" on pages 30 and 31 and a combining schedule of changes in assets and liabilities for all agency funds on page 100. These schedules have been subjected to the tests and other audit procedures applied in the examination of the state's financial statements mentioned above, and therefore the information presented is qualified for the same reasons as the basic financial statements to which the information relates. These financial statement qualifications are discussed in paragraphs seven through sixteen. Further, these schedules may exclude certain funds for the reasons discussed in paragraphs 3 and 8.

B. Another supplemental schedule titled, "Combined Schedule of Investment and Cash Balances," discloses the relationship between the cash balances of all fund entities and the accounting entity for "Invested Treasurer's Cash." This schedule has been subjected to the tests and other auditing procedures applied in the examination of each fund's financial statements mentioned in preceding paragraphs and, in our opinion, is fairly stated in all material respects in relation to each fund's financial statements taken as a whole.

C. Several other supplemental financial schedules and statements included are not necessary for a fair presentation of the financial statements for each of the state's funds and account groups in conformity with generally accepted accounting principles. These schedules have been subjected to the tests and other audit procedures applied in the examination of the state's financial statements mentioned above, and in our opinion, are fairly stated in all material respects in relation to the respective fund financial statements taken as a whole. These schedules and statements are titled:

- Changes in Bonds Authorized and Unissued for the Building Fund, the Bond Proceeds Fund, and for the presentation by purpose with the General Long-Term Debt Account Group, and

- General Obligation Debt – Schedule of Debt Service for Fiscal Years 1981-2000.

D. Certain supplemental statements and schedules have not been subjected to sufficient audit procedures and tests to express, and we do not express, an opinion on these supplemental schedules.

- History of the General Obligation Debt for the General Long-Term Debt Account Group;
- All Other Funds – Analysis of Cash Flow; and
- Expenditures and Encumbrances by Functional Category for the General Fund.

E. The accompanying supplemental information in the statistical section of the state's financial report is not necessary for a fair presentation of the financial statements of the various funds and account groups in conformity with generally accepted accounting principles. This information has not been subjected to sufficient audit procedures and tests to express, and we do not express, an opinion on this information in the statistical section.

7. **Litigation**

Several lawsuits are currently pending against the state as explained in general footnote 4.A. An adverse decision to the state from certain of these lawsuits could impact certain funds and the General Long-Term Debt Account Group as follows:

A. The lawsuits numbered 4, 6, and 14 are expected to be resolved by the end of fiscal year 1981. In the opinion of the Department of Revenue, if all three suits are lost by the state, the maximum potential liability to the **General Fund** would be approximately $13 million. However, due to the uncertainty of the final decision on these suits, we could not determine the effects, if any, on the financial position of the **General Fund**.

B. The lawsuits numbered 2, 3, and 13 are expected to be resolved in early 1982, 1984, and late 1982, respectively. In the opinion of the Department of Revenue, it is not possible to place a precise dollar amount on these lawsuits and the relative potential long-term liabilities of the General and Special Revenue Fund to be reflected in the General Long-Term Debt Account Group, the Northeast Minnesota Economic Protection Fund, or local units of government to which the majority of these taxes have ultimately been distributed. Accordingly, we could not determine the effects, if any, that these lawsuits will have on the financial position of the **General Long-Term Debt Account Group**. However, an adverse decision to the state on the lawsuit numbered 13 would materially impact the **Northeast Minnesota Economic Protection Fund** and an adverse decision to the state on the lawsuit numbered 3 would eliminate this fund's only source of tax revenue and cause the refund of all such taxes collected. Until such litigation is resolved the continued existence of the **Northeast Minnesota Economic Protection Fund** shall be questionable.

8. **Fund Misclassifications**

A. The state universities and community colleges are not reported on in compliance with the accounting principles promulgated by the National Association of College and University Business Officers (NACUBO) as required by generally accepted accounting principles. Those college and university activities which are included in this financial report are presented as discussed in general footnote 1.C. If these activities were presented as required by NACUBO, the following funds would be materially affected: **General Fund, Federal Fund, Gift Fund, General Project Fund, Building Fund**, and **Endowment Fund**.

B. The Special Workmens' Compensation Payment Fund which is presented as an Agency Fund, as discussed in general footnote 1.C, should be presented as a Special Revenue Fund as required by generally accepted accounting principles.

9. **Misclassification of Certain Interfund and Intrafund Transactions**

A. As explained in footnote 1.I, the state is unable to properly identify certain interfund and intrafund transactions which occur as the result of one state entity paying another with a state warrant. Thus, all such transactions are accounted for as revenues of the recipient fund and expenditures of the disbursing fund. Our audit tests indicate that a material amount of such activity exists within the **Trunk Highway Fund** and overstates both its revenues and expenditures by like amounts. Further, the **General Fund, Special Revenue Fund,** and **Federal Fund** are involved with such activities, but we were unable to determine the effects, if any, on the operations of these funds.

B. Our audit tests indicate that the **Special Revenue Fund's** operations contain an activity whereby equipment is purchased for local units of government at a discount and paid for by the unit through the fund. We estimate that the effect of these transactions is to overstate the revenues and expenditures of the Special Revenue Fund by approximately $1.2 million.

10. **Misclassification of Certain General Fund Operations**

The state provides direct property tax relief to eligible individuals and other aids to individuals through the use of the low income, renters, senior citizen and disabled persons income tax credits. It was necessary to estimate the amount of these aids as explained in specific footnote 3 to the General Fund. Our audit tests were unable to substantiate these estimates due to the lack of supporting documentation and potential problems with certain assumptions incorporated in the estimates. Accordingly, we were unable to determine the effects, if any, on income tax revenues, revenue refunds, and expenditures of the **General Fund.**

11. **Trunk Highway Fund Expenditure Accruals**

The state did not have a systematic accounting system for accounts payable and contracts payable in order to determine the state's liability for goods and services received at the end of the fiscal year. Accounts payable of $27.1 million and contract retainage payable of $4.3 million for the **Trunk Highway Fund** were determined by analyzing actual payments made between the end of the fiscal year and the September 6, 1980, close of the books. However, this analysis was not completed for the **Trunk Highway Fund** in time for us to apply audit procedures considered necessary to satisfy ourselves on the reported amounts. Accordingly, we could not determine the effects, if any, of such analysis on the financial position and results of operations of the **Trunk Highway Fund.**

12. **Federal Fund Revenue Accruals**

Revenue is recognized in the **Federal Fund** as explained in general footnote 1.D. However, certain state departments account for several federal grants in one account. This results in mixing reimbursement and advance grant programs and precludes determining actual deferred revenue and accounts receivable figures. Accordingly, we could not determine the effects, if any, on the deferred revenue and accounts receivable balances presented on the **Federal Fund** balance sheet.

13. **Workmens' Compensation Special Payment Fund Lack of Liability Accruals**

The **Workmens' Compensation Special Payment Fund** is presented on a cash basis, except for activity with other state funds and investment income accruals. This was necessitated due to the state not maintaining accrual data for the fund. Generally accepted accounting principles require the modified accrual basis of accounting for this fund. Because of this departure from generally accepted accounting principles our audit tests indicate that approximately $2.4 million of accrued liabilities have been omitted from this fund.

14. Permanent School Fund Land

As discussed in specific footnote 2 on page 107, the **Permanent School Fund** includes 2,520,897.55 acres of land donated to the state by the federal government in the mid-1800's. Generally accepted accounting principles require donated assets to be recognized at their fair market value at acquisition date. Neither the past nor current value of this land is known by the state. Accordingly, no provision for an asset has been made in the financial statements of the **Permanent School Fund.**

15. Post-Retirement Investment Fund Mortality Gains and Losses

As discussed in note 3 of the financial statements of the **Minnesota Post-Retirement Investment Fund**, mortality gains and losses are calculated after year end by each participating retirement fund's actuary. The associated transfers of required reserves, if any, are not reasonably estimable. Accordingly, no provision for any asset or liability that may result has been made in the financial statements.

16. Accrued Liability for Certain Pension Plans

The State of Minnesota maintains separate pension plans for constitutional officers and state legislators. These retirement plans, which are accounted for in the General Fund, are each a defined benefit pension plan. Benefits for each plan are determined by an appropriate formula using the high five-year average salary and years of membership in the state legislature or service as a constitutional officer. The members' contribution rate is set by statute, and the state's contributions to the plan are made on a terminal funding basis. There are approximately 207 active members of these two plans.

An actuarial valuation was made of the legislative retirement plan as of July 1, 1977. At that date, the accrued liability of the plan, as determined by the entry age normal cost method of valuation, was $8,732,322. Legislators accumulated contributions totaled $815,877, resulting in an unfunded deficit at that date of $7,916,445. At June 30, 1980, legislators accumulated contributions totaled $1,386,743. However, there has been no actuarial valuation of the plan since July 1, 1977, so the present value of earned benefits and the unfunded supplemental liability have not been determined. Although the total effect on the **General Long-Term Debt Account Group** cannot be determined, based on the prior valuation, it would appear that would be an accrued liability of **at least** $8,000,000.

Actuarial valuations and experience studies have not been performed for the constitutional officers plan. Accumulated contributions at June 30, 1980, were $139,996. The present value of earned benefits and the unfunded supplemental liability of the plan based on the present value of benefits for past and future services has not been determined. The effects, if any, on the **General Long-Term Debt Account Group** have not been determined.

OPINION PARAGRAPHS ON INDIVIDUAL FUNDS

In our opinion, **except for** the budgetary comparative statements on which we do not express an opinion as explained in paragraph 5A and the effects of the matter discussed in paragraph 8A and **subject to** the effects, if any, of the matters discussed in paragraphs 4, 7A, 9A, and 10, the aforementioned financial statements present fairly the financial position of the **General Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and fund structure changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, **except for** the omission of the required budgetary comparative statements as explained in paragraph 5B and the effects of the matter discussed in paragraph 9B and **subject to** the effects, if any, of the matter discussed in paragraph 9A, the aforementioned financial statements present fairly the financial position of the **Special Revenue Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and fund structure changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, **except for** the budgetary comparative statements on which we do not express an opinion as explained in paragraph 5A, the aforementioned financial statements present fairly the financial position of the **State Airports Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, **except for** the budgetary comparative statements on which we do not express an opinion as explained in paragraph 5A, the aforementioned financial statements present fairly the financial position of the **Game and Fish Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and fund structure changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, **except for** the budgetary comparative statements on which we do not express an opinion as explained in paragraph 5A and the effects of the matter discussed in paragraph 9A and **subject to** the effects, if any, of the matter discussed in paragraph 11, the aforementioned financial statements present fairly the financial position of the **Trunk Highway Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, **except for** the budgetary comparative statements on which we do not express an opinion as explained in paragraph 5A the aforementioned financial statements present fairly the financial position of the **Highway Users Tax Distribution Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, **except for** the omission of the required budgetary comparative statements as explained in paragraph 5B and the effects of the matter discussed in paragraph 8A and **subject to** the effects, if any, of the matters discussed in paragraphs 4, 9A, and 12, the aforementioned financial statements present fairly the financial position of the **Federal Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, **except for** the omission of the required budgetary comparative statements as explained in paragraph 5B, the aforementioned financial statements present fairly the financial position of the **Employment Services Administration Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, **except for** the omission of the required budgetary comparative statements as explained in paragraph 5B and the effects of the matter discussed in paragraph 8A, the aforementioned financial statements present fairly the financial position of the **Gift Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, **except for** the effects of the matter discussed in paragraph 8A, the aforementioned financial statements present fairly the financial position of the **General Project Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Transportation Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, **except for** the effects of the matter discussed in paragraph 8A, the aforementioned financial statements presently fairly the financial position of the **Building Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion the aforementioned financial statements **present fairly** the financial position of the **Bond Proceeds Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Debt Service Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Disbursement Clearing Fund** of the state of Minnesota at June 30, 1980, and the changes in assets and liabilities for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Taxes Clearing Fund** of the state of Minnesota at June 30, 1980, and the changes in assets and liabilities for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and fund structure changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Social Welfare Fund** of the state of Minnesota at June 30, 1980, and the changes in assets and liabilities for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and fund structure changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Federal County Road and Bridge Fund** of the state of Minnesota at June 30, 1980, and the changes in assets and liabilities for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and fund structure changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, because of the effects of the matters discussed in paragraphs 8B and 13, the aforementioned financial statements **do not present fairly** the financial position of the **Workmens' Compensation Special Payment Fund** of the state of Minnesota at June 30, 1980, or the changes in assets and liabilities for the fiscal year then ended in conformity with generally accepted accounting principles.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Miscellaneous Agency Fund** of the state of Minnesota at June 30, 1980, and the changes in assets and liabilities for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and fund structure changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Municipal State-Aid Street Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and fund classification changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **County State Aid Highway Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and fund classification changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Endowment School Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, **except for** the effects of the matter discussed in paragraph 8A, the aforementioned financial statements present fairly the financial position of the **Endowment Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, **except for** the effects of the matter discussed in paragraph 14, the aforementioned financial statements present fairly the financial position of the **Permanent School Fund** of the state of Minnesota at June 30, 1980, and the results of operations for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and fund structure changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

Because of the uncertainty and until the resolution of the matters discussed in paragraph 7B, we were unable to determine whether the **Northeast Minnesota Economic Protection Fund** will be able to continue in existence. Accordingly, **we express no opinion** on its financial statements as of June 30, 1980.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Minnesota Supplemental Retirement Fund Income Shares Account, Growth Shares Account and Fixed Return Account** of the state of Minnesota at June 30, 1980, and the results of operations and changes in net assets for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and changes, with which we concur, as explained in footnote 3 on page 116.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Minnesota Variable Annuity Fund** of the state of Minnesota at June 30, 1980, and the results of operations and changes in net assets for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 3 on page 119.

In our opinion, **subject to** the effects, if any, of the matter discussed in paragraph 15, the aforementioned financial statements present fairly the financial position of the **Minnesota Post-Retirement Investment Fund** of the state of Minnesota at June 30, 1980, and the results of operations and changes in net assets for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 9 on page 123.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Maximum Effort School Loan Fund** of the state of Minnesota at June 30, 1980, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 2 on pages 39 to 42.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Computer Services Fund** of the state of Minnesota at June 30, 1980, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Micrographics Fund** of the state of Minnesota at June 30, 1980, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

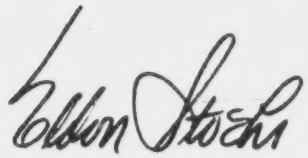
In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Federal Surplus Property Fund** of the state of Minnesota at June 30, 1980, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Central Motor Pool Fund** of the state of Minnesota at June 30, 1980, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the accounting changes, with which we concur, as explained in footnote 6 on page 167.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Commuter Van Fund** of the state of Minnesota at June 30, 1980, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion, the aforementioned financial statements **present fairly** the financial position of the **Central Delivery Services Fund** of the state of Minnesota at June 30, 1980, and the results of operations and changes in financial position for the fiscal year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion, **except for** the effects of the matter discussed in paragraph 16 and **subject to** the effects, if any, of the matter discussed in paragraph 7B, the aforementioned financial statements present fairly the financial position of the **General Long-Term Debt Account Group** of the state of Minnesota at June 30, 1980, in conformity with generally accepted accounting principles which, except for accounting changes, with which we concur, explained in footnote 2 on pages 39 to 42, have been applied on a basis consistent with that of the preceding year.



Eldon Stoehr
Legislative Auditor

November 21, 1980

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The **GENERAL FUND** is the primary operating fund for most state government operations. According to Minnesota statutes, the General Fund contains "such monies as have been deposited in the state treasury for the usual, ordinary, running and incidental expenses of the state government" and does not include monies deposited in the state treasury for a special or dedicated purpose. Thus, all tax revenue and departmental receipts not dedicated to other funds constitute the General Fund's source of revenue.

Special Revenue Funds:

The general **SPECIAL REVENUE FUND** receives revenue from various dedicated sources, the expenditures of which are limited by constitution or law for specific purposes. Examples include revenues from royalties, penalties, fines, service charges, etc., dedicated to specific boards, commissions, or departments for miscellaneous activities.

The **STATE AIRPORTS FUND** receives revenue from aviation related taxes and fees. These revenues are expended by the Department of Transportation to provide technical and financial assistance to municipal airports and to promote aviation safety, planning, and regulation.

The **GAME AND FISH FUND** receives revenues from licenses and fines related to hunting and fishing, the receipts of which are appropriated to the Department of Natural Resources for related purposes.

The **TRUNK HIGHWAY FUND** is supported by revenues from the Highway Users Tax Distribution Fund and federal grants to provide planning, design, construction and maintenance of the state trunk highway system.

The **HIGHWAY USERS TAX DISTRIBUTION FUND** receives revenue from taxes on motor vehicles and motor fuels for transfer to various transportation related funds.

The **FEDERAL FUND** receives and disburses federal government grants and reimbursements. The fund is administered in accordance with grant agreements between the state and federal agencies.

The **EMPLOYMENT SERVICES FUND** receives federal funds to finance the administration of unemployment insurance, vocational rehabilitation, and the job services programs.

The **GIFT FUND** receives donations and endowments. Expenditures are limited to purposes designated by donors.

Capital Project Funds:

The **GENERAL PROJECT FUND** receives monies appropriated from the General Fund for building or capital improvement projects.

The **TRANSPORTATION FUND** receives proceeds of transportation bonds, general fund appropriations and federal grants for the construction or reconstruction of state and locally owned bridges.

The **BUILDING FUND** receives revenue from the sale of state bonds to provide funds for the acquisition and betterment of public lands and buildings.

The **BOND PROCEEDS FUND** receives revenue from the sale of bonds which are not designated for the building fund. Included in this fund are bonds sold for grants to local government for sewer construction.

Debt Service Fund

The **DEBT SERVICE FUND** receives transfers from the General Fund and other operating funds, and earnings from the temporary investment of bond proceeds for the payment of principal and interest on state general obligation bonds.

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STATE OF MINNESOTA
ALL GOVERNMENTAL FUNDS AND GENERAL LONG-TERM DEBT GROUP OF ACCOUNTS
COMBINING BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

		SPECIAL REVENUE FUNDS				
	General Fund	Special Revenue Fund	State Airport Fund	Game and Fish Fund	Trunk Highway Fund	Highway Users Tax Distribution Fund
ASSETS						
Cash	$242,985	$34,995	$ 105	$ 9,012	$(3,056)	$5,052
Imprest Cash	640	10			21	2
Investments (1980 market value of $250,871)	1,643	19,198	10,534		49,226	
Accounts Receivable	1,542	4,940		1,204	1,673	
Due from Other Funds	19,837	624	269	477	1,237	
Accrued Investment Income	7,372	674	395		1,508	
Federal Aid Receivable				590	8,545	
Taxes Receivable	8,032					105
Public Welfare Receivables	12,645					
Pay Advances from FHWA					15,252	
Inventory					13,693	
Loans Receivable	1,454		1,633			
Prepaid Expenses	28	1				
Bonds Authorized and Unissued						
Advances to Other Funds	2,619		50		74	
Amount Available in Debt Service Fund						
Amount to be Provided for General Long Term Debt						
General Fund						
State Airports Fund						
Trunk Highway Fund						
Employment Services Fund						
Total Assets	$298,797	$60,442	$12,986	$11,283	$88,173	$5,159
LIABILITIES AND FUND BALANCE						
Liabilities:						
Salaries and Accounts Payable	$142,061	$ 3,032	$ 120	$ 1,435	$27,185	$1,238
Contract and Retainage Payable			6		4,293	1
Advances from FHWA					15,252	
Payable to Other Funds	4,269	2,423		1,097	519	1,542
Advances from Other Funds		50			50	
Loans Payable						
Bonds Payable						
Total Liabilities	$146,330	$ 5,505	$ 126	$ 2,532	$47,299	$2,781
Deferred Revenue	$ 3,074	$ 79	$	$	$ 57	$
Fund Balance:						
Reserved:						
Reserved for Encumbrances	$ 63,168	$ 8,926	$ 7,181	$ 1,731	$13,299	$1,049
Reserved for Receivables	2,836					
Reserved for Advances and Loans			2,850		74	
Reserved for Bonds Authorized and Unissued						
Reserved for Capital Projects					3,497	
Other Reserves					13,693	
Total Reserved Fund Balance	$ 66,004	$ 8,926	$10,031	$ 1,731	$30,563	$1,049
Unreserved:						
Restricted for Appropriation Carryover	$100,354	$45,932	$ 2,507	$ 993	$ 3,694	$1,329
Restricted for Debt Service						
Unrestricted	(16,965)		322	6,027	6,560	
Total Unreserved Fund Balance	$ 83,389	$45,932	$ 2,829	$ 7,020	$10,254	$1,329
Total Fund Balance	$149,393	$54,858	$12,860	$ 8,751	$40,817	$2,378
Total Liabilities and Fund Balance	$298,797	$60,442	$12,986	$11,283	$88,173	$5,159

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
ALL GOVERNMENTAL FUNDS AND GENERAL LONG-TERM DEBT GROUP OF ACCOUNTS
COMBINING BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS						
Federal Fund	Employment Services Administration Fund	Gift Fund	General Projects Fund	Transportation Fund	Building Fund	Bond Proceeds Fund	Debt Service Fund	General Long-Term Debt Group of Accounts	Totals (Memorandum Only)
$21,159	$ 80	$1,117	$6,199	$21,640	$ 601	$ 492	$ 210	$	$ 340,591
14	8								695
		740			26,754	15,911	112,371		236,377
49,462	3,410	85							62,316
191	39						5,312		27,986
		18			943	460	3,142		14,512
									9,135
									8,137
									12,645
									15,252
									13,693
									3,087
2	3								34
					127,749	79,000			206,749
									2,743
								61,423	61,423
								700,752	700,752
								910	910
								72,172	72,172
								1,040	1,040
$70,828	$3,540	$1,960	$6,199	$21,640	$156,047	$95,863	$121,035	$836,297	$1,790,249
$16,496	$2,626	$ 207	$ 302	$ 23	$ 5,750	$ 378	$ 218	$	$ 201,071
			170	530	4,451				9,451
									15,252
14,673	258			112	4,134	951	8,792		38,770
									100
								5,412	5,412
								830,885	830,885
$31,169	$2,884	$ 207	$ 472	$ 665	$14,335	$ 1,329	$ 9,010	$836,297	$1,100,941
$11,427	$ 134	$	$	$	$ 422	$	$	$	$ 15,193
$28,232	$ 522	$ 608	$	$ 2,395	$	$	$	$	$ 127,111
									2,836
									2,924
					127,749	79,000			206,749
			5,727		13,541	15,534			38,299
									13,693
$28,232	$ 522	$ 608	$5,727	$ 2,395	$141,290	$94,534	$	$	$ 391,612
$	$	$1,145	$	$18,580	$	$	$	$	$ 174,534
							112,025		112,025
									(4,056)
$	$	$1,145	$	$18,580	$	$	$112,025	$	$ 282,503
$28,232	$ 522	$1,753	$5,727	$20,975	$141,290	$95,534	$112,025	$	$ 674,115
$70,828	$3,540	$1,960	$6,199	$21,640	$156,047	$95,863	$121,035	$836,297	$1,790,249

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
ALL GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

		SPECIAL REVENUE FUNDS				
	General Fund	Special Revenue Fund	State Airport Fund	Game and Fish Fund	Trunk Highway Fund	Highway Users Tax Distribution Fund
Revenues:						
Taxes	$3,361,646	$	$ 8,977	$	$	$341,644
Reciprocity Income	9,027					
Federal Grants	1,582	630		4,770	155,602	
Intergovernmental Revenue	26,639	946				
Departmental Earnings	111,500	10,877	25	12,266	13,204	1,673
Revenue from Use of Property	3,001	4,654		179	1,635	
Agency Deposits	324					
Investment Income	43,358	1,215	1,231		6,740	
Gifts, Donations, Bequests						
General Obligation Bonds						
Accrued Interest on Bonds						
Premiums on Bonds						
Other Revenue	10,448	4,053		1,726	4,403	1
Gross Revenue	$3,567,525	$22,375	$10,233	$18,941	$181,584	$343,318
Less Revenue Refunds	(393,887)	(1,147)	(1,160)	(174)	(126)	(17,945)
Net Revenue	$3,173,638	$21,228	$ 9,073	$18,767	$181,458	$325,373
Other Financing Sources	66,970	23,158	202	760	263,311	83
Total Sources	$3,240,608	$44,386	$ 9,275	$19,527	$444,769	$325,456
Expenditures and Encumbrances:						
Current:						
Personal Services	$ 444,278	$ 7,827	$	$11,782	$129,341	$ 2,874
Purchased Services	87,465	4,443	332	1,783	27,104	1,897
Materials and Supplies	34,955	1,209	35	1,594	24,570	1,303
Grants and Subsidies	2,700,348	14,670	4,579	367	441	13
Redistributed Costs	(1,508)	852				
Capital Outlay:						
Equipment	10,433	1,978	191	952	9,696	59
Real Property	2,282	1,360	203	990	196,232	37
Debt Service						
Reimbursement Transfers to Other Funds (Net)		363	1,110	138	1,125	502
Total Expenditures and Encumbrances	$3,278,253	$32,702	$ 6,450	$17,606	$388,509	$ 6,685
Less: Project Encumbrances of Estimated Cancellations (Current Year)					(118,967)	
Less: Reimbursements and Recoveries	(46,143)		(219)		(3,884)	
Net Expenditures and Encumbrances	$3,232,110	$32,702	$ 6,231	$17,606	$265,658	$ 6,685
Other Financing Uses	170,895	3,381	1,215	10	190,129	319,750
Total Uses	$3,403,005	$36,083	$ 7,446	$17,616	$455,787	$326,435
Net Change in Fund Balance:						
Unreserved:						
From Operations	$ (162,397)	$ 8,303	$ 1,829	$ 1,911	$ (11,018)	$ (979)
Reserved:						
From Operations						
Other Change in Reserved Fund Balance	23,809	(287)	(374)	(307)	(58,636)	260
Net Change in Reserved Fund Balance	$ 23,809	$ (287)	$ (374)	$ (307)	$ (58,636)	$ 260
Total Change in Fund Balance:	$ (138,588)	$ 8,016	$ 1,455	$ 1,604	$ (69,654)	$ (719)
Fund Balance, July 1, 1979, as Reported	$ 399,495	$48,253	$10,490	$ 4,405	$110,471	$ 2,990
Prior Period Adjustments	(113,306)	(1,355)	915	2,742		107
Fund Balance, July 1, 1979, Restated	$ 286,189	$46,898	$11,405	$ 7,147	$110,471	$ 3,097
Transfers of Residual Equity	$ 1,792	$ (56)				
Fund Balance, June 30, 1980	$ 149,393	$54,858	$12,860	$ 8,751	$ 40,817	$ 2,378

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
ALL GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS					
Federal Fund	Employment Services Administration Fund	Gift Fund	General Project Fund	Transportation Fund	Building Fund	Bond Proceeds Fund	Debt Service Fund	Totals (Memorandum Only)
$	$	$	$	$	$	$	$	$3,712,267
								9,027
905,869	32,508			2,713				1,103,674
239	4,226							32,050
								149,545
								9,469
							123	447
		86			4,962	1,108	6,670	65,370
		1,755						1,755
				13,000	80,800	15,000		108,800
							562	562
2,673	68	23		6			218	23,619
$908,781	$38,802	$1,864		$15,719	$ 85,762	$16,108	$ 7,573	$5,216,585
(491)		(14)						(414,944)
$908,290	$36,802	$1,850		$15,719	$ 85,762	$16,108	$ 7,573	$4,801,641
22	16	210	661	(1,611)	806		105,936	460,524
$908,312	$36,818	$2,060	$ 661	$14,108	$ 86,568	$16,108	$113,509	$5,262,165
$ 43,484	$34,248	$ 334	$ 94	$	$ 1,272	$	$	$ 675,534
16,548	6,606	620	471		3,414	3	72	150,758
2,545	503	110	105		607			67,536
768,615	807	186	1,170	11,853	61,168	8,101		3,572,318
953		19						316
2,687	1,431	159	349		168			28,103
2,310	45	492	2,470	264	62,235	18		268,938
							98,508	98,508
22,447	286							25,971
$859,589	$43,926	$1,920	$ 4,659	$12,117	$128,864	$ 8,122	$ 98,580	$4,887,982
								(118,967)
(5,936)	(9,340)							(65,522)
$853,653	$34,586	$1,920	$ 4,659	$12,117	$128,864	$ 8,122	$ 98,580	$4,703,493
54,659	232	85	662		4,994	1,107	392	747,511
$908,312	$34,818	$2,005	$ 5,321	$12,117	$133,858	$ 9,229	$ 98,972	$5,451,004
$	$	$ 55	$	$ 1,991	$	$	$ 14,537	$ (145,768)
			(4,660)		(47,290)	6,879		(45,071)
10,330	300	138		(6,033)	(32,235)	5,000		(58,035)
$ 10,330	$ 300	$ 138	$(4,660)	$(6,033)	$(79,525)	$11,879	$	$ (103,106)
$ 10,330	$ 300	$ 193	$(4,660)	$(4,042)	$(79,525)	$11,879	$ 14,537	$ (248,874)
$ 40,980	$ 477	$1,443	$11,196	$21,980	$226,493	$82,655	$104,183	$1,065,511
(23,078)	(255)	117	(809)	3,037	(5,678)		(6,695)	(144,258)
$ 17,902	$ 222	$1,560	$10,387	$25,017	$220,815	$82,655	$ 97,488	$ 921,253
								$ 1,736
$ 28,232	$ 522	$1,753	$ 5,727	$20,975	$141,290	$94,534	$112,025	$ 674,115

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
ALL FUNDS
COMBINED SCHEDULE OF INVESTMENTS AND CASH BALANCES
JUNE 30, 1980
(000's Omitted)

Funds	Investments		Cash Balance
	Cost	Market Value	
General Fund	$ 1,643	$ 1,661	$242,986
Special Revenue Funds	79,699	82,289	68,453
Capital-Project Funds	42,666	44,068	28,931
Debt Service	112,371	115,513	(8)
Trust and Agency Funds	3,696,086	3,613,184	130,774
Enterprise Funds	10,388	11,025	2,354
Internal Service Funds			6,212
Invested Treasurer's Cash	465,835	473,442	(465,835)
Total Investments and Cash Balance	**$4,408,688**	**$4,341,182**	**$ 13,867**

STATE OF MINNESOTA

GENERAL FOOTNOTES TO THE FINANCIAL STATEMENTS

Summary of Significant Accounting Policies

1.A. Basis of Presentation

Except as noted below and in the following footnotes, the accounting policies of the State of Minnesota as reflected in the accompanying financial statements conform to generally accepted accounting principles (GAAP) as prescribed by the National Council on Governmental Accounting (NCGA) in their March, 1979 publications of *Statement 1, Governmental Accounting and Financial Reporting Principles* and *Statement 2, Accounting for Grants, Entitlements and Shared Revenues to State and Local Governmental Units.* These statements become effective in fiscal year 1981, but earlier application is encouraged. The NCGA's Statements 1 and 2 are not fully implemented in the accompanying financial statements and as noted in the following footnotes the statements have been prepared to conform to GAAP as prescribed by the NCGA's predecessor publication *Governmental Accounting, Auditing and Financial Reporting (GAAFR)* and the American Institute of Certified Public Accountant's publication of the *Industry Audit Guide – Audits of State and Local Governmental Units.*

Statement 1 requires that all funds and entities controlled by or dependent on the governmental unit be included in the annual report by fiscal year 1981. To meet the requirements of Statement 1, the Department of Finance has defined the State's reporting scope for implementation in next year's report. The primary focus of the required GAAFR financial statements, as reflected in the 1980 statements, is on the individual funds. The combining governmental fund financial statements are presented as supplementary information and do not purport to represent the complete reporting entity of the state as discussed in footnote 1.B.

The more significant accounting principles applicable to all funds are summarized below and are supplemented by footnotes presented with the individual fund's financial statements.

1.B. Financial Reporting Entity of the State of Minnesota

Statement 1 requires that all funds and entities be included in the reporting scope of the governmental unit. Financial statements are not presented for all such funds and entities because either: (1) improvements in the financial records necessary to prepare financial statements in accordance with GAAP are currently in progress, or (2) they have traditionally been excluded from the state's reporting scope and are published in separately issued reports.

In reference to (1) above, miscellaneous proprietary funds' financial statements such as the Prison Industries, General Services and other enterprise type activities are not presently included in this report. A cash flow analysis on these and other funds is presented as a supplemental schedule on page 178.

The Department of Finance has developed criteria to define the state's reporting scope. The criteria utilized were degrees of: financial/administrative dependence; state control; fiduciary responsibility; and jurisdiction/distribution of benefits. With the exception of a final determination on the University of Minnesota (including the Permanent University Fund) and the Zoo Monorail, the Department of Finance plans to include the following funds and entities within the fiscal year 1981 annual report to fully comply with the requirements of *Statement 1:*

1) **Minnesota Housing Finance Agency** – This separate public corporation sells revenue bonds and receives direct appropriations to finance loans for housing to low and moderate income families. The agency prepares its own financial statements which are audited by a Certified Public Accounting (C.P.A.) firm.

2) **Higher Education Coordinating Board Student Loan Fund** – The Higher Education Coordinating Board (HECB) sells revenue bonds to finance loans to students attending higher educational institutions. HECB prepares the fund's financial statements which are audited by a C.P.A. firm.

3) **The Higher Education Facilities Authority Revenue Bond Fund** – The Higher Education Facilities Authority sells revenue bonds to finance construction loans to private higher education institutions in the state. The authority prepares financial statements which are audited by a C.P.A. firm.

4) **State Historical Society** – The State Historical Society is a corporate body established in 1849 by the Legislative Assembly of the Territory of Minnesota. The majority of the Society's support is provided by state appropriations which are audited by the Legislative Auditor. The remainder of their support, from private and federal sources, is audited by a C.P.A. firm.

5) **The State University Revenue Bond Fund** – The State University Board sells revenue bonds to finance construction of student residence halls, dormitories, dining halls, student union buildings or similar revenue-producing buildings at the state universities. The fund is audited by the Legislative Auditor.

6) **State University Activity Funds and Community College All College Funds** – Each state university and community college maintains accounts outside the statewide accounting system for various federal and student programs. These activities are audited by the Legislative Auditor.

7) **The Teachers Retirement Association Funds** – The Teachers Retirement Association (TRA) is administered by a Board of Directors elected by its members. Membership consists of teachers working for state and local schools. TRA maintains the pension funds financed by contributions from its members and by state appropriations. TRA prepares financial statements for its funds which are audited by the Legislative Auditor.

8) **The Public Employees Retirement Association Funds** – The Public Employees Retirement Association (PERA) is administered by a Board of Directors elected by its members. Membership consists of various groups of employees working for local units of government that participate in PERA. PERA maintains the pension funds financed by contributions from its members and their employers. PERA prepares financial statements for its funds which are audited by the Legislative Auditor.

9) **The Unemployment Trust Fund** – This fund is maintained by the Department of Economic Security, which interacts with the federal government and employees to pay unemployment benefits. The activities of the fund are audited by the Legislative Auditor and the federal government on an alternate basis.

10) **The University of Minnesota** – The University of Minnesota was established by the Territorial Laws of 1851. It is administered by a Board of Regents which is elected by the state legislature. Approximately one-third of the University's support is provided by state appropriations.

11) **The Permanent University Fund** – This trust fund was established by the Minnesota constitution. The trust corpus consists of land maintained by the Department of Natural Resources and investments maintained by the University of Minnesota. Any income from the corpus is distributed to the University of Minnesota and is included in the University of Minnesota's financial statements which are audited by a C.P.A. firm.

12) **The Zoo Monorail** – Various aspects of the Zoo are audited by C.P.A. firms and the Legislative Auditor.

1.C. Classification of Funds

Individual funds have been established as stipulated by legal provisions or by administrative discretion. A brief description of the nature of the individual funds appears on the divider pages preceding the governmental, fiduciary and proprietary fund sections.

College and university fund structure and accounting principles are prescribed by the National Association of College and University Business Officers in their publication *College and University Business Administration (CUBA).* The state reports the college and university activity within the closest counterpart fund of the governmental fund structure; however, the CUBA fund structure is utilized in separately issued reports of the University of Minnesota, state universities and the community colleges. The approximate percentage of college/university assets, liabilities, revenues and expenditures reported within the GAAFR fund structure utilized in this report are: General Fund (1-2%); Federal Fund (1-2%); Gift Fund (20-33%); General Project Fund (13-14%); Building Fund (38%); and the Endowment Fund /60%).

With the exception of the college/university funds above and the Special Workers Compensation Payment Fund (reported as an agency fund and more appropriately classified as a special revenue fund), the funds presented are classified according to GAAP as follows:

1) The governmental funds account for the acquisition, use and balances of expendable financial resources and the related current liabilities. Most state operations are accounted for in this fund category which is comprised of the general, special revenue, capital project, and debt service generic fund types described as follows:

   a. **GENERAL FUND** – To account for all financial resources except those required to be accounted for in another fund.

   b. **SPECIAL REVENUE FUNDS** – To account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specific purposes.

   c. **CAPITAL PROJECTS FUNDS** – To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

   d. **DEBT SERVICE FUND** – To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

2) Proprietary Funds account for all assets, liabilities and equities and match revenues and expenses to determine net income and capital maintenance. The generic fund types included in the proprietary fund category are:

   a. **ENTERPRISE FUNDS** – To account for operations: (1) that are financed and operated in a manner similar to private business enterprises and where the intent of the state is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the state has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

   b. **INTERNAL SERVICE FUND** – To account for the financing of goods or services provided by one state agency to another state agency, or to other governmental units, on a cost-reimbursement basis.

3) Fiduciary funds or the trust and agency funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Depending on their nature, trust funds are classified for accounting measurement purposes like governmental (expendable trust funds) or proprietary (nonexpendable trust and pension trust funds) funds. Agency funds are purely custodial; thus, they do not measure results of operations.

1.D. Basis of Accounting

The capital project funds and proprietary funds are maintained on the accrual basis of accounting. The governmental funds, excluding the capital project funds, are maintained on the modified accrual basis in conformance with GAAP as follows:

Revenues: Revenues are recognized in the period when they become both measurable and available to finance expenditures of the current period. Measurable means that taxpayer or intermediary government liability is supported by sufficient documentation and can be reasonably estimated. Available means collectible by the September close of the books. Similarly, anticipated refunds of such taxes are recorded as reductions in revenue in the period when the state's liability is measurable and validity seems certain. Dedicated revenues collected on an advance basis to which the state does not have legal entitlement are recognized as deferred revenue until the related commitment arises. For the Federal Fund and Employment Services Administration Fund, revenues are determined to be available when committed by a liability or encumbrance as further discussed below.

Expenditures, Encumbrances and Accounts Payable: The state utilizes the encumbrance method of accounting consistent with the *Industry Audit Guide — Audits of State and Local Governmental Units* published in 1974 by the American Institute of Certified Public Accountants. This means that unliquidated encumbrances, as certified by agencies, are recognized as expenditures on the operating statement. Liquidations between July 1, 1980 and the September 6, 1980, close of the books that relate to fiscal year 1980 encumbrances are recognized as either liabilities or encumbrances depending on whether the goods or services are received as of June 30, 1980. (Since it is difficult to assess the point of liability for grant expenditures, they are separately discussed in footnote 1.E.) Prior year encumbrances which were liquidated during fiscal year 1980 are not reported as current year expenditures because their impact on unreserved fund balance has been recorded in previous years under the encumbrance method of accounting. They are recognized as "Prior Years Encumbrances Expended During the Year" in the change in reserved fund balance section of the operating statement.

Exceptions to the above expenditure/encumbrance recognition criteria are the Federal Fund and the Employment Services Administration Fund. In order to accommodate federal reporting requirements and the different federal fiscal year ending September 30, encumbrances are frequently cancelled and re-established in the subsequent state fiscal year. Accordingly, encumbrances are only recognized to the extent that they are liquidated prior to the close of the state's books. Any unliquidated encumbrances remaining at the close of the books are recognized in subsequent years because they will be paid from future resources.

Encumbrances generally can be classified as either:

1) Period encumbrances which are associated with current activities to be financed by existing resources or those which are collected during the current period, or

2) Project encumbrances which are associated with long-term activities ordinarily financed by revenue to be collected in future periods.

For financial reporting purposes, only period encumbrances are recognized in the governmental funds' financial statements and any material project encumbrances are disclosed in the footnotes.

1.E. Grant Expenditures and Liability Recognition Criteria

As noted, GAAP requires the recognition of a liability at the point goods and services are received. However, for grant expenditures this criteria is irrelevant since the exchange of goods and services typically is not involved. The state's policy for grants is to basically recognize the grant expenditure in the fiscal year from which appropriated and at the point the grant is approved for payment by the administering authority.

1.F. Fixed Assets/Depreciation

Fixed assets in the proprietary funds are stated at cost and are depreciated over their estimated useful lives on a straight line basis (see footnotes to the individual fund financial statements). Currently, the state does not have an updated General Fixed Asset Account Group to prepare the financial statements required. For control purposes, a centralized fixed asset system is maintained by the Materials Management Division within the Department of Administration.

1.G. Inventory Valuation

With the exception of the proprietary funds, disbursements for inventories are considered expenditures at the time of purchase. Although the Trunk Highway Fund also recognizes inventories as expenditures at the time of purchase, inventory is recognized in memorandum form and is offset by a reserve of fund balance on the balance sheet. The inventory pricing methods for proprietary funds are disclosed in the individual fund footnotes.

1.H. Cash, Investments and Accrued Investment Income

Where Minnesota Statutes permit, an individual fund's cash is separately invested through the State Board of Investment. All cash not invested by the individual funds is pooled and invested as the State Treasurer's "Invested Treasurer's Cash" (ITC). The ITC is available to pay operating expenses and transfers and to relieve cash deficiencies in the General Fund to the extent allowable under Minnesota Statute 16A.67. All investment earnings of ITC are credited to the General Fund pursuant to Minnesota Statutes 11A.20. Investment earnings credited to the General Fund in fiscal year 1980 were $43,357,932.

Most funds value investments at amortized cost which approximates market value. An exception is the Investment Board Administered Funds which value securities at market except for U.S. Government Securities valued at market less accrued interest. This is further discussed in the individual notes of the Investment Board funds. For all other funds, market value is disclosed parenthetically and investment income is accrued on the balance sheets.

Certain U.S. Government and Government Agency Securities are loaned out to banks and brokers to generate additional income of 0.5%. Collateral in the amount of 105% of the market value of securities loaned is required. A summary by fund of the loaned securities and collateral as of June 30, 1980, is as follows:

	Loans of Government Securities	Collateral
Special Revenue Fund	$ 3,500,000	$ 3,950,000
Trunk Highway Fund	6,100,000	6,565,000
Debt Service Fund	10,000,000	10,275,000
Building Fund	2,500,000	2,740,000
Municipal State Aid – Street Fund	10,000,000	10,990,000
County State Aid – Highway Fund	15,300,000	16,520,000
Permanent School Fund	1,500,000	1,700,000
Supplemental Retirement Investment Fund	1,500,000	1,750,000
Post Retirement Investment Fund	13,000,000	14,100,000
State Employees Retirement Fund	8,000,000	8,480,000
Invested Treasurer's Cash	33,500,000	35,245,000
Totals	**$104,900,000**	**$112,315,000**

1.I. Interfund Transactions

Most transactions between funds are accounted for in compliance with GAAP. However, certain transactions between funds arise when a warrant is sent by one state activity to another. These transactions are accounted for as if they were quasi-external transactions (see below) regardless of the appropriate classification according to GAAP. This is due to these transactions not being uniquely identified by the statewide accounting system such that they can be properly classified. The Department of Finance is defining policies with respect to interdepartmental warrants. Interfund transactions other than most interdepartmental warrants are classified, as follows, according to GAAP:

1) **QUASI-EXTERNAL TRANSACTIONS** – are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

2) **REIMBURSEMENTS** – are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenses or expenditures in the reimbursed fund.

3) **RESIDUAL EQUITY TRANSFERS** – are nonrecurring or nonroutine transfers of equity between funds. These are reported as additions to or deductions from the appropriate beginning equity account.

4) **OPERATING TRANSFERS** – are all interfund transfers other than residual equity transfers. These are reported in the "Other Financing Sources (Uses) and Operating Transfers" section of the governmental fund operating statements in determining the results of operations.

1.J. Fund Balance

1) The reserved portion of the fund balance indicates that a portion of the fund balance is not available for appropriation and expenditure or is legally segregated for a specific future use.

2) The unreserved portion of fund balance consists of appropriations carried over to the ensuing fiscal year and the unrestricted fund balance is that which is available for future appropriation and expenditure.

3) For financial reporting purposes, various items are accrued which are not recognized for budgetary purposes. A reconciliation between the budgetary basis and modified accrual basis unrestricted general fund balance is as follows:

General Fund
Reconciliation of Unrestricted Fund Balance –
Budgetary Basis to Unrestricted Fund Balance –
Modified Accrual Basis
June 30, 1980
(000's Omitted)

	(Millions)
Unrestricted Fund Balance, June 30, 1980 -- Budgetary Basis	$18.0
Effect of recognition of revenues, transfers and advances for accrual purposes	19.0
Effect of recognition of liabilities and reserves for accrual purposes	(54.0)
Unrestricted Fund Balance, June 30, 1980, Modified Accrual Basis for Financial Reporting purposes	$(17.0)

1.K. Budget Figures

Statements on budgeted revenues or expenditures are presented with the individual fund financial statements for those funds from which the Legislature makes direct appropriations. These funds are: the General Fund, the State Airports Fund, the Game and Fish Fund, the Trunk Highway Fund and the Highway Users Tax Distribution Fund. For comparative purposes, the budget versus actual financial statements are presented on the budgetary basis which does not reflect the accrual adjustments of the modified accrual basis. A separate schedule reconciles the budgetary basis figures and the GAAP based figures. Budgetary figures for the Special Revenue, Federal, Gift and Employment Services Administration Funds are not presented because these funds are not funded by direct legislative appropriations and their expenditures are limited to dedicated revenues collected for specific purposes.

2. Accounting and Reporting Changes

Significant accounting and reporting changes have been made to more closely conform to generally accepted accounting principles. Some of these fiscal year 1980 changes require that fund balances as of June 30, 1979, be restated to give retroactive effect to the change in accounting. A schedule of accounting changes that impact the June 30, 1979, fund balances as previously reported are shown on the following page.

2.A. Prior Period Adjustments

Many of the prior period adjustments are required to reflect the beginning fund balances utilizing the basis of accounting discussed in footnotes 1.D. and 1.E. as follows:

1) **Reclassification of Encumbrances and Liabilities** – The distinction between a reserve for encumbrances (a component of the reserved fund balance on the balance sheet) and a liability is determined by when the good or service is received. Disbursements occurring after June 30, 1979, and unliquidated encumbrances as of fiscal year 1979 close of the books were analyzed to make this distinction. The Federal Fund and Employment Services Administration Fund no longer recognize unliquidated encumbrances as of the close of the books, as further explained in footnote 1.E.

2) **Accrual of Measurable and Available Revenues** – Revenues are recognized to the extent that they are measurable and become available by the close of the books. The implementation of this revenue recognition criteria has impacted the June 30, 1979, fund balances of the following funds:

- **General Fund** – In 1979, the gross amount of receivables of the General Fund (taxes receivable, public welfare receivables and loans receivable) were reported as assets but were offset by a reserve of fund balance, thus having no effect on unreserved fund balance. The prior period adjustment removes the previously reported reserve for receivables from reserved fund balance and increases the unreserved portion of fund balance to the extent that the receivables became available.
- **The Game and Fish Fund** – Monies collected by intermediary governments on behalf of the state have been accrued and recognized under the above criteria.
- The Permanent School Fund has accrued receivables that are measurable and available.
- The Maximum Effort School Loan Fund has accrued interest receivable on loans.

3) **Recognition of Deferred Revenue** – Dedicated receipts collected on an advance basis is recognized as deferred revenue. The application of this criteria has resulted in prior period adjustments for the General Fund, Special Revenue Fund, Trunk Highway Fund, Federal Fund and Employment Services Administration Fund. The June 30, 1979 and 1980, Federal Fund and Employment Services Administration Fund deferred revenue figures were derived based on the excess of assets over liabilities and reserve for encumbrances.

STATE OF MINNESOTA

ALL FUNDS
SCHEDULE OF PRIOR PERIOD ADJUSTMENTS AND TRANSFERS OF EQUITY FOR CHANGES IN REPORTING ENTITY TO JUNE 30, 1979 FUND BALANCE (RETAINED EARNINGS) AS PREVIOUSLY REPORTED
(000's Omitted)

Fund	Reclassification of Encumbrances and Liabilities	Accrual of Measurable and Available Revenues and Recognition of Deferred Revenue	Accrual of Measurable Liabilities	Other Prior Period Adjustments	Total Prior Period Adjustments	Transfer of Equity for Changes in Reporting Entity	Fund Balance[3] June 30, 1979 as Previously Reported	Fund Balance[3] June 30, 1979 as Restated
Governmental Funds:								
General Funds:[1]								
Reserved Fund Balance.	$(20,814)	$(77,755)			$ (98,569)		$140,764	$ 42,195
Unreserved Fund Balance	3,170	19,041	$(34,858)	$ (1,202)	(13,849)	$ (888)	258,731	243,994
Total Fund Balance	**$(17,644)**	**$(58,714)**	**$(34,858)**	**$ (1,202)**	**$(112,418)**	**$ (888)**	**$399,495**	**$286,189**
Special Revenue Fund[1]	3,568			2,007	5,575	(6,930)	48,253	46,898
State Airports Fund	915				915		10,490	11,405
Game and Fish Fund[1]	578	1,794		(253)	2,119	623	4,405	7,147
Highway Users Tax Distribution Fund	107				107		2,990	3,097
Federal Fund	(23,078)				(23,078)		40,980	17,902
Employment Services Administration Fund	(255)				(255)		477	222
Gift Fund	117				117		1,443	1,560
General Project Fund			(809)		(809)		11,196	10,387
Transportation Fund	3,037				3,037		21,980	25,017
Building Fund			(5,678)		(5,678)		226,493	220,815
Debt Service Fund		131		(6,826)	(6,695)		104,183	97,488
Agency and Trust Funds:								
Taxes Clearing Agency Fund						783	106	889
Federal County Road and Bridge Agency Fund		2,818	(928)		1,890		4,272	6,162
Municipal State Aid-Street Fund	4,851				4,851		53,362	58,213
County State Aid-Highway Fund	14,087				14,087		67,402	81,489
Endowment School Fund				(44)	(44)		7,235	7,191
Endowment Fund				(8)	(8)		308	300
Permanent School Fund		1,320		44	1,364	498	271,636	273,498
Northeast Minnesota Economic Protection Fund[2]						9,241	0	9,241
Minnesota Supplemental Retirement Investment Fund Fixed Return Account[1]				(754)	(754)		17,547	16,793
Minnesota Variable Annuity Fund[1]				867	867		60,016	60,883
Minnesota Post Retirement Investment Fund[1]				(11,707)	(11,707)		974,879	963,172
Proprietary Funds:								
Maximum Effort School Loan Fund		742	(427)		315		14,196	14,511
Central Motor Pool Fund				11	11		1,719	1,730

[1]A separate schedule with more detail is presented with the individual fund financial statements.
[2]Northeast Minnesota Economic Protection Fund was previously reported within the Special Revenue Fund.
[3]The fund equity amount adjusted is the Retained Earnings for the proprietary funds and Net Assets for the Investment Board administered funds.

4) **Accrual of Measurable Liabilities** – Liability recognition criteria have been revised for fiscal year 1980 and prior period adjustments have been made to reflect the revised policy.

- The General Fund recognizes liabilities for revenue refunds based on returns received as of June 30. In addition liabilities for retirement and social security contributions for the Teachers Retirement Association as of June 30 are recognized.
- The General Project Fund and the Building Fund, previously reported on a cash basis, now recognize liabilities for accounts payable, contracts and retainage on contracts payable.
- The Federal Fund recognizes payables for its portion of the Public Welfare Receivable in the General Fund.
- The Maximum Effort School Loan Fund accrues interest payable on bonds consistent with GAAP for enterprise funds.

5) **Other Prior Period Adjustments and Accounting Changes** –

- The Debt Service Fund segregates deposits held for proprietary funds from Fund Balance Restricted for Debt Service.
- Project encumbrances of the Iron Range Resources Rehabilitation Board are excluded from the Special Revenue Fund.

2.B. Transfers of Equity for Change in Reporting Entity

Various activities have been analyzed and reclassified to more appropriate fund types recommended by GAAP. These transfers require restatement of beginning fund balance to reflect the beginning balance under the reclassified fund structure. The funds affected are:

- **General Fund/Taxes Clearing Agency Fund.** Advance royalties for mining were transferred from the General Fund to the Taxes Clearing Agency Fund because these monies are held in trust by the state.
- The Special Revenue Fund has had a number of changes: (1) The Minnesota Economic Protection Fund, previously reported as a material component of the Special Revenue Fund, is now reported as a separate fund; (2) miscellaneous activities previously included in the Enterprise (Revolving) Fund have been reclassified to the Special Revenue Fund; (3) one activity of the Agency Fund and three activities of the Game and Fish Fund have been moved to the Special Revenue Fund.
- The Internal Improvement Land Fund, previously reported as a separate fund, has merged with the Permanent School Fund pursuant to the Attorney General's opinion.

2.C. Other Accounting and Reporting Changes

Other accounting and reporting changes implemented in fiscal year 1980 and not requiring restatement of beginning fund balance are as follows:

- Investment income of the Building Fund and Bond Proceeds Fund is recorded in these funds and transferred, rather than shown as a direct credit, to the Debt Service Fund.
- Warrants Payable and the cash set aside to liquidate them are shown only in the Disbursement Clearing Fund rather than in all funds.
- Medical Assistance payments are reported within the grants to individual object class rather than the purchased services class. Related Medical Assistance recoveries are shown as a reduction in expenditures rather than as a revenue.
- The required Statements of Changes in Financial Position are now presented for Proprietary Fund.

- The Municipal State Aid-Street Fund and the County State Aid-Highway Fund are now reported as expendable trust funds rather than agency funds.
- Miscellaneous GAAP adjustments and disclosures have been made to the individual funds based on analyses and auditor's recommendations.

3. Long-Term Liabilities

3.A. General Obligation Debt

Information on amounts authorized, amounts issued, and outstanding debt service requirements, is contained in the following statements and schedules:

- Statement of Changes in General Long-Term Debt and scheduled Debt Service for Fiscal Years 1981-2000.
- Statements for the Bond Proceeds and Building Funds within the combining balance sheet and the combining operating statements.

The state constitution provides that when the full faith and credit of the state has been pledged for the payment of bonds the State Auditor shall levy each year on all taxable property within the state a tax sufficient with the balance then on hand in the fund to pay all principal and interest on bonds issued under this section due and to become due within the ensuing year and to and including July 1 in the second ensuing year. It also provides for the legislature by law to appropriate funds from any source to the Debt Service Fund. The amount of money actually received and on hand pursuant to appropriations prior to the levy of the tax in any year shall be used to reduce the amount of tax otherwise levied.

Minnesota Statutes provide that in order to reduce the amount of taxes otherwise required to be levied there is hereby appropriated annually to the state bond fund (Debt Service Fund) from the various governmental funds in the State Treasury such sums of money sufficient in amount when added to the balance on hand in the state bond fund to pay all principal and interest on state bonds issued for the purposes set forth in the statutes, due and to become due within the then ensuing year and including July 1 in the second ensuing year.

The state has not levied a property tax for debt service since 1966. In 1967 the legislature began making appropriations for debt service to cover any and all general obligation debt service payments. Since 1977 direct appropriations have been made for debt service. If for any reason these direct appropriations are insufficient, an open appropriation exists to make the additional debt service payments. Prior to 1979, transfers from the appropriate funds were made to the Debt Service Fund as principal and interest became due. This practice was considered to be within the intent of the constitution and statutes based on the open appropriation authority. However, in 1979 the Department of Finance, in consultation with the Legislative Auditor and counsel, concluded that the then existing accounting practice should be changed to precisely conform with generally accepted accounting principles and statutory requirements. In fiscal year 1980, the Department of Finance made sufficient transfers from the General Fund, State Airports Fund, Trunk Highway Fund and Maximum Effort School Loan Fund to the Debt Service Fund to cover all principal and interest due and to become due through July 1, 1981. Although the transfer was not made by the Employment Services Administration Fund, a federal fund, the interfund payable and receivable and the corresponding effects on fund balances have been recognized in the 1980 financial statements.

3.B. Capital Lease Obligations

Capital lease obligations of the governmental funds that are in effect purchase agreements are recorded in the General Long Term Debt Account Group. Lease obligations of the Computer Services Fund, an internal service fund, are recorded in that fund's financial statements. Most state leases are classified as operating leases because they contain termination clauses providing for cancellation upon 30 days written notice to the lessor.

3.C. Footnotes and General Information

Footnotes and general information on the Retirement Funds is presented with the Pension Trust Funds on page 127.

4. Commitments and Contingent Liabilities

4.A. Litigation

The Minnesota Legislature has appropriated $750,000 per year for the fiscal years ending on June 30, 1980 and 1981 for payment of torts claims. The Legislature also appropriated $750,000 per year for the years ending June 30, 1978 and 1979 for torts claims. Payments from these appropriations were $80,113 in 1978, $60,000 in 1979 and $247,651 in 1980.

The state, its officers and employees, are defendants in numerous lawsuits. The following cases have been noted because an adverse decision could result in expenditures of state monies in excess of current levels.

1. There are ten claims pending against the state Real Estate Education, Research, and Recovery Fund. Minnesota Statutes Section 82.34 provides that the fund is not liable for more than $20,000 per transaction regardless of the number of persons aggrieved or the parcels of real estate involved in such transaction.

2. **Iron Ore Occupation Tax Cases (Minnesota Tax Court)** – Nine iron ore mining companies have commenced an action in the Minnesota Tax Court seeking a refund of state taconite and iron sulfides production taxes and occupation taxes paid beginning in 1974. The companies allege that the production taxes should be deductible for purposes of determining the value of ore subject to the occupation tax in question, and that the occupation tax exceeds statutory and constitutional tax limits. Legal briefs are presently being prepared for presentation to the Minnesota Tax Court. The amount of such taxes collected for 1980 are shown on page 6. Any liability arising out of a decision against the state may impact on the General Fund.

3. **Taconite Production Tax Cases (Minnesota Tax Court)** – Seven taconite companies have commenced an action in the Minnesota Tax Court seeking the elimination of the taconite production tax and a refund of such taxes paid for the years after 1975. Plaintiffs allege that the production taxes are in lieu of property taxes and actually constitute excise taxes subject to certain statutory limits which are exceeded by the Minnesota occupation tax alone and therefore, that the taconite production tax levy is unlawful. The case raises issues related to the Iron Ore Occupation Tax Cases discussed above, and therefore a legal briefing schedule has not yet been established. The amount of such taxes collected for 1980 are shown on page 6. Any liability arising out of a decision against the state may impact on the General Fund, the Northeast Minnesota Economic Protection Fund and/or the Northeast Minnesota Environmental Protection Fund.

4. **Reserve Mining Company v. Commissioner of Revenue (Minnesota District Court, Lake County)** – The Reserve Mining Company commenced an action in the District Court of Lake County challenging the constitutionality of the state taconite tailings tax. The court found for the plaintiff and ordered a refund of all collections to date plus interest. The suit involves the years 1978, 1979 and subsequent years during which the tax may be collected. The state will appeal the District Court's decision to the Minnesota Supreme Court. If the appellate court reverses the trial court thereby upholding the state's position, the total future collections are anticipated to be approximately $2,400,000. Any liability arising out of a decision against the state may impact on the General Fund.

5. **Railroad Gross Earnings Tax Cases (Minnesota District Court, Ramsey County)** – Seven difficult railroad companies have instituted suit in the District Court of Ramsey County challenging the constitutionality of the Minnesota gross earnings tax as applied to railroads. The Plaintiffs contend that gradual changes in Minnesota's tax laws, Minnesota and national transportation

systems, and the national economy have rendered the railroad gross earnings tax unconstitutional as a violation of either the Due Process and Equal Protection Clauses of the 14th Amendment to the United States Constitution or the Commerce Clause, or both. Plaintiffs further allege that Public Law 94-210 (the Railroad Revitalization and Regulatory Reform Act of 1976) renders the gross earnings tax unconstitutional as a violation of the Commerce Clause of the United States Constitution. Plaintiffs seek elimination of the gross earnings tax and a refund of the gross earnings tax payment made for the years 1971 through 1978 and subsequent years for which the tax is collected. The amount of such taxes which are at issue in this case, and the annual amount of such taxes which are at issue in this case, and the annual amount of such taxes anticipated to be collected in the future, has not been determined. Any liability arising out of a decision against the state may impact on the General Fund.

6. **Minneapolis Star & Tribune v. Commissioner of Revenue (Minnesota Supreme Court)** – The Minneapolis Star & Tribune Company commenced an action in the District Court of Hennepin County alleging that the use tax imposed by Minnesota Statutes, Section 297A.14 is unconstitutional because as applied to newspaper publishing companies it violates the Equal Protection and the Due Process Clauses of the 14th Amendment of the United States Constitution, and because it constitutes a denial of the freedom of speech and of the press in violation of the First Amendment of the United States Constitution. The tax in dispute applied, starting January 1, 1974, to the cost of paper and ink products in excess of $100,000 in any calendar year utilized in producing a newspaper. The amount of such taxes which are at issue in this case, and the annual amount of such taxes anticipated to be collected in the future, has not been determined. The Minneapolis Star & Tribune Company has received a favorable verdict on this matter in the District Court of Hennepin County. The Commissioner of Revenue is appealing that Court's decision to the Minnesota Supreme Court. Any liability arising out of a final decision against the state may impact on the General Fund.

7. There are presently seven construction company claims pending against the state for breach of warranty or contract. These claims, which have been formalized by the commencement of legal actions in various District Courts throughout Minnesota, allege that the state: failed to properly advise contractors of certain site and work conditions, delayed contractors in the performance of their construction efforts or required contractors to perform work beyond the scope of their contracts. It is anticipated that an eighth claim, alleging breach of warranty arising from the state's construction delays, will be filed in the near future. Any liability arising out of decisions against the state in these matters may impact on the Trunk Highway Fund.

8. There are presently eight claims pending against the state in which parties allege that state highway construction has either caused physical damage to their real property or reduced the market value thereof. The claims have been formalized by the commencement of legal actions in various District Courts throughout Minnesota. Any liability arising out of decisions against the state in these matters may impact on the Trunk Highway Fund.

9. **National Bonding Company v. State** (three actions in Minnesota District Court, Ramsey County) – In these actions, the National Bonding Company alleges that the state did not properly notify it of failures on the part of contractors it had bonded on state projects. The plaintiff is seeking exoneration and indemnification from the state. Any liability arising out of a decision against the state may impact on the Trunk Highway Fund.

10. **Craik v. State University Board, et al** (United States Federal District Court, District of Minnesota) – Plaintiff commenced an action in federal district court seeking damages for alleged sex discrimination in hiring and promotional practices in a case which has conditionally been certified as a class action. Any liability arising out of a decision against the state may impact on the General Fund.

11. **Minnesota Association of Health Care Facilities v. Department of Public Welfare** (United States District Court, District of Minnesota) – In this action, the plaintiff Association is challenging the constitutional and statutory propriety of the Department of Public Welfare's principal rule on reimbursements to long-term care facilities and is also questioning the constitutionality of a

state statute which equalizes certain reimbursement rates. Any liability arising out of a decision may impact on the General Fund; however, certain monies paid out in such eventuality may be reimbursable under applicable federal programs.

12. **United States Fire Insurance Company, et al, v. Minnesota State Zoological Board, et al** (Minnesota Supreme Court) – The state has appropriated monies to finance the acquisition and construction of a state zoological garden which is to be owned and operated by the MSZB. The garden is located on a site of over 400 acres in the Minneapolis-St. Paul Metropolitan Area, and is expected to be patronized by persons from all over the Midwest. The MSZB is not specifically authorized by law to borrow money or issue obligations in evidence thereof. However, in 1977 the Legislature authorized the MSZB to acquire an automated, monorail transportation system for the garden by installment purchase contract, and the MSZB has entered into such a contract for this purpose. Under the contract, and a companion concession agreement, a Minnesota non-profit corporation is authorized to construct and acquire the system, has agreed to sell it to the MSZB for a purchase price of approximately $8,413,000 payable over a 14 year period with interest, and is authorized to take over and operate the system under the concession agreement in the event of default by the MSZB. All monies and receipts of the MSZB are required to be deposited in the state General Fund, and none of such monies and receipts can be expended except pursuant to an appropriation by the Legislature.

    On April 1, 1980, the Minnesota State Zoological Board was unable to make the installment payment then due under the installment purchase contract. This event occurred because revenues realized from operation of the monorail system (which were appropriated by the Minnesota Legislature for the purpose of maintaining the system and making installment purchase payments) were not sufficient. Pursuant to the installment purchase contract, officials of the MSZB then sought additional funds from the Legislature. The Legislature, citing their firm belief that the installment purchase did not constitute a state obligation of any type and was never so intended, determined not to provide additional funding for this purpose. Thereafter, several certificate holders sought to declare the full installment purchase amount due and commenced a declatory judgment action seeking a judicial determination that the state was liable for that sum (United States Fire Insurance Company, et al v. Minnesota State Zoological Board, et al – Minnesota District Court, Hennepin County). The District Court dismissed the certificate holders' complaint and held that the state's only obligation under the installment purchase agreement is to make payments thereunder from funds specifically appropriated by the Legislature for that purpose, if available. The involved certificate holders have appealed the District Court's decision to the Minnesota Supreme Court.

13. **Taconite Production Tax Averaging Case** – Taconite companies are challenging the change in the production tax made in 1977 requiring companies to pay the tax at the rate of current year production or an average of three years, whichever is higher. Any liability arising out of a decision against the state may impact on the General Fund, the Northeast Minnesota Economic Protection Fund and/or the Northeast Minnesota Environmental Protection Fund.

14. **Occupation Tax Prepayment Interest Claim** – Mining companies are seeking compounded interest on advance quarterly payments of the occupation tax on iron ore and taconite. The requirement to pay in advance was previously ruled unconstitutional and was refunded. The case is now in district court and any adverse decision may impact on the General Fund.

4.B. Limitation on Potential Employee Claims – Vacation and Sick Leave

Under Minnesota law, state employees may accumulate vacation leave to a maximum of 240 working hours or 30 days.

Employees who are separated from state service by reason of death, retirement or layoff (excluding seasonal) are entitled to 40 percent of the employee's accumulated but unused sick leave. Sick leave is accumulated at the rate of four hours per pay period to a maximum of 900 hours (112.5 days). After 900 hours, the accrual rate is reduced to two hours per pay period.

The cost of vacation and sick leave is charged against agency appropriations when leave is used rather than when leave is earned. There is no recorded liability for accumulated annual and sick leave in the state's financial records. It has not been determined if there is a substantial effect on any fund.

4.C. Other Commitments and Contingent Liabilities

- Some grant programs of the state relate to grantee activities occurring during fiscal year 1980. These programs pay grants out of subsequent year appropriations and are not recognized until the legal due date as discussed in footnote 1.E.
- Additional disclosures of contingent liabilities and of project encumbrances are disclosed in the footnotes of the General Long Term Debt Account Group and the individual funds.

5. Subsequent Events

- On November 17, 1980, $100,000,000 of general obligation Certificates of Indebtedness were sold to finance current expenditures in anticipation of taxes to be collected by the General Fund. The certificates plus interest of $5.6 million are payable on June 30, 1981.
- On November 18, 1980, $90,000,000 of general obligation bonds backed by the full faith and credit and taxing powers of the State of Minnesota were sold comprising:

  $70,200,000 State Building Bonds
  $13,000,000 State Transportation Bonds
  $ 4,000,000 State School Loan Bonds
  $ 2,800,000 State Waste Management Bonds

- On August 1, 1980, estimates of the June 30, 1981, unrestricted general fund balance was revised to reflect a deficit of $195.1 million. Pursuant to Minnesota Statutes 16A.15, Subdivision 1, the Commissioner of Finance, with the approval of the Governor reduced amounts allotted and to be allotted from fiscal year 1981 appropriations by $195.1 million.
- Subsequent to the announcement of the above reductions, two actions were filed challenging the authority to make them. In **Minnesota Federation of Teachers, et al v. Albert Quie, et al,** commenced September 22, 1980, the plaintiffs, through a declaratory judgment action, are challenging the reduction of state aid to school districts, contending that the state legislature cannot constitutionally delegate such authority in the manner provided in Section 16A.15, that the reduction will impair contracts between school districts and the plaintiff Teachers' Union, and that it violates constitutional standards of equal protection and alleged rights of an individual plaintiff parent of a child enrolled in a public school. This matter is venued in Minnesota District Court, Ramsey County and is scheduled for trial on January 17, 1981. In **City of Duluth v. State of Minnesota, et al,** commenced October 2, 1980, the plaintiff asserts that a reduction of state aid to it, as a local government unit, violates Minnesota Statutes, Section 477A.01. No trial date has been set for this action.

  The state is defending these actions, asserting that the reductions are expressly directed by Minnesota Statutes, Section 16A.15 to be made in order to avoid a deficit, that they have been made in order to avoid a deficit, and that they have been made in a legally authorized manner. No order has been entered by the court in either action.
- As required by the constitution and statute, transfers from the following funds were made on October 31, 1980, to the separately invested debt service fund to cover debts maturing through July 1, 1982:

	(Millions)
General Fund	$90.6
State Airports Fund	0.4
Trunk Highway Fund	8.4
Maximum Effort School Loan Fund	3.1[1]
Building Fund (Investment Income)	4.6
Bond Proceeds Fund (Investment Income)	1.5
Total Transfers to Debt Service Fund	**$108.6**

The Maximum Effort School Loan Fund did not have a sufficient balance in their loan repayment account to make the total required debt service transfer on October 31. Pursuant to Minnesota Statute 124.46, Subdivision 3, $2.1 million was advanced from the General Fund to the Debt Service Fund. This amount will be returned to the General Fund from payments made by school districts and transfers from bond proceeds. Although the Employment Services Administration Fund, a federal fund, did not make the required transfer, the interfund payable and receivable and the corresponding effects on fund balances have been recognized in the 1980 financial statements.

STATE OF MINNESOTA
GENERAL FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS

Cash	$242,985
Imprest Cash	640
Investments (1980 market value $1,661)	1,643
Accrued Investment Income	7,372
Accounts Receivable (1)	1,542
Taxes Receivable (1)	8,032
Public Welfare Receivables (1)	12,645
Due from Other Funds	19,837
Loans Receivable (1)	1,454
Advances to Other Funds	2,619
Prepaid Expense	28
Total Assets	**$298,797**

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	$142,061
Payable to Other Funds	4,269
Total Liabilities	**$146,330**
Deferred Revenue	$ 3,074
Fund Balance:	
Reserved Fund Balance:	
Reserved for Encumbrances	$ 63,168
Reserved for Long Term Receivables	2,836
Total Reserved Fund Balance	**$ 66,004**
Unreserved Fund Balance: (2)	
Restricted for Appropriation Carryover	$100,354
Unrestricted Fund Balance	(16,965)
Total Unreserved Fund Balance	**$ 83,389**
Total Fund Balance	**$149,393**
Total Liabilities, Deferred Revenue and Fund Balance	**$298,797**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 1980

(000's Omitted)

Revenues:		
Taxes		$3,361,646
Reciprocity Income		9,027
Federal Grants		1,582
Intergovernmental Revenue		26,639
Departmental Earnings		111,500
Revenue from Use of Property		3,001
Agency Deposits		324
Investment Income		43,358
Other Revenue		10,448
Gross Revenue		**$3,567,525**
Less Revenue Refunds (3)		**393,887**
Net Revenue		**$3,173,638**
Other Financing Sources:		
Operating Sources		$ 55,296
Cancellation of Prior Years Encumbrances		8,620
Prior Year Transfers (Net)		2,920
Other		134
Total Other Financing Sources		**$ 66,970**
Total Sources		**$3,240,608**
Expenditures and Encumbrances:		
Current:		
Personal Services		$ 444,278
Purchased Services		87,465
Materials and Supplies		34,955
Grants and Subsidies		2,700,348
Redistributed Costs		(1,508)
Capital Outlay:		
Equipment		10,433
Real Property		2,282
Gross Expenditures		**$3,278,253**
Less Reimbursements:		
Indirect Costs (4)		(3,872)
Federal Reimbursements (Public Welfare) (5)		(11,881)
Medical Assistance Recoveries (6)		(30,390)
Net Expenditures and Encumbrances		**$3,232,110**
Other Financing Uses:		
Operating Transfer to Debt Service Fund		$ 88,173
All Other Operating Transfers		80,747
Reserve for Non-Current Loans Receivable		1,975
Total Other Financing Uses		**$ 170,895**
Total Uses		**$3,403,005**
Total Net Change in Unreserved Fund Balance for the Year		**$ (162,397)**
Changes in Reserved Fund Balance:		
Cancellation of Prior Years Encumbrances		$ (8,620)
Prior Years Encumbrances Expended During Year		(26,951)
Current Year Encumbrances		57,330
Net Change in Reserve for Receivables		2,050
Net Change in Reserved Fund Balance for the Year		**$ 23,809**
Total Changes in Fund Balance		**$ (138,588)**
Fund Balance, July 1, 1979, as Previously Reported:	$399,495	
Prior Period Adjustments: (7)		
To Unreserved Fund Balance	(13,849)	
To Reserved Fund Balance	(98,569)	
Transfer of Equity for Change in Reporting Entity	(888)	
Fund Balance, July 1, 1979, as Restated		286,189
Net Residual Equity Transfers from Proprietary Funds		1,792
Fund Balance, June 30, 1980		**$ 149,393**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

GENERAL FUND
STATEMENT OF ACTUAL AND ESTIMATED REVENUES AND TRANSFERS FROM OTHER FUNDS
FOR THE YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

	Budgetary Basis (10)		
	Actual 1980	Estimated 1980	Variance Over (Under)
Unrestricted Revenue: (8)			
Income Tax – Individual	$1,749,125	$1,704,256	$44,869
Income Tax – Corporation	375,510	359,503	16,007
Sales Tax	652,442	647,990	4,452
Bank Excise	36,835	35,000	1,835
Inheritance and Gift	41,638	43,900	(2,262)
Liquor, Wine and Malt Beverages	54,408	55,354	(946)
Cigarette and Tobacco Products	86,929	86,850	79
Iron Ore Occupation	2,702	4,000	(1,298)
Taconite Occupation	23,566	25,514	(1,948)
Taconite Production	88,484	79,412	9,072
Royalty Taxes	6,083	8,203	(2,120)
Deed and Mortgage Registration	18,298	16,744	1,554
Gross Earnings Taxes	133,470	135,211	(1,741)
Motor Vehicle Excise	88,771	94,800	(6,029)
Motor Vehicle Recycle	889	1,027	(138)
Income Reciprocity	9,027	9,383	(356)
Departmental Earnings	144,387	131,146	13,241
Investment Income	43,184	28,290	14,894
All Other Revenue	20,879	21,493	(614)
Total Unrestricted Revenue	$3,576,627	$3,488,076	$88,551
Restricted Revenue: (9)			
Departmental Earnings	$ 38,956	$ 38,503	$ 453
Federal Grants	209	199	10
Intergovernmental Revenue	25,984	23,888	2,096
Investment Income	173		173
All Other	4,817	4,606	211
Total Restricted Revenue	$ 70,139	$ 67,196	$ 2,943
Less Revenue Refunds:			
Income Tax – Individual	$ 341,929	$ 261,639	$80,290
Income Tax – Corporation	30,386	25,000	5,386
Sales Tax	1,540	3,377	(1,837)
All Other	8,946	3,181	5,765
Total Revenue Refunds (3)	$ 382,801	$ 293,197	$89,604
Net Revenue	$3,263,965	$3,262,075	$ 1,890
Operating Transfers from Other Funds:			
Revenue Sharing	$ 45,477	$ 45,656	$ (179)
LCMR Federal Reimbursements	3,988	4,250	(262)
Other Special Revenue Funds	5,186	1,150	4,036
All Other Transfers	4,452	5,048	(596)
Total Transfers from Other Funds	$ 59,103	$ 56,104	$ 2,999
Total Net Revenue and Transfers from Other Funds	$3,323,068	$3,318,179	$ 4,889

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
GENERAL FUND
STATEMENT OF EXPENDITURES AND TRANSFERS TO OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

	Expenditures	Encumbrances	Expenditures and Encumbrances
Expenditures and Encumbrances:			
Salaries	$ 379,046	$ 368	$ 379,414
Retirement Contributions	38,460		38,460
Insurance Benefits	21,980	29	22,009
Other Benefits	4,184	211	4,395
Total Personal Services	**$ 443,670**	**$ 608**	**$ 444,278**
Purchased Services	$ 78,800	$ 8,665	$ 87,465
Materials and Supplies	32,051	2,904	34,955
Capital Outlay:			
Equipment	6,281	4,152	10,433
Real Property	1,117	1,165	2,282
Grants and Subsidies:			
Property Tax Relief	$ 67,265	$	$ 67,265
Individuals	275,570	321	275,891
Municipalities and Towns	294,846	3,384	298,230
Counties	237,432	4,509	241,941
School Districts	1,127,302	5,645	1,132,947
Private Organizations	42,387	5,095	47,482
University of Minnesota	222,144	9	222,153
Retirement Associations	152,010		152,010
Aids to Individuals: (3)			
Renters Credit	75,799		75,799
Senior Citizens and Disabled	67,678		67,678
Low Income Credits	10,223		10,223
Other	89,047	19,682	108,729
Total Grants and Subsidies	**$2,661,703**	**$38,645**	**$2,700,348**
Redistributed Costs	$ (1,598)	$ 90	$ (1,508)
Gross Expenditures and Encumbrances	**$3,222,024**	**$56,229**	**$3,278,253**
Less: Reimbursements from Other Funds:			
Indirect Costs (4)	(3,872)	N/A	(3,872)
Federal Reimbursement (Public Welfare) (5)	(11,881)		(11,881)
Medical Assistance Reimbursements (6)	(30,390)		(30,390)
Net Expenditures and Encumbrances	**$3,175,881**	**$56,229**	**$3,232,110**
Operating Transfers to Other Funds:			
General Project Fund	$ 255	N/A	$ 255
Special Revenue Funds:			
Taconite Environmental Protection Fund	17,929		17,929
Iron Range Resources	2,914		2,914
North East MN Economic Protection	8,964		8,964
Trunk Highway	1,635		1,635
Other	1,029		1,029
Debt Service	88,173		88,173
Housing Finance	45,010		45,010
All Other Funds	3,011		3,011
Total Operating Transfers to Other Funds	**$ 168,920**	**$**	**$ 168,920**
Total Expenditures, Encumbrances and Operating Transfers to Other Funds	**$3,344,801**	**$56,229**	**$3,401,030**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

GENERAL FUND
STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES, ENCUMBRANCES, AND TRANSFERS TO OTHER FUNDS
FOR THE YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

	Budget (11)	Budgetary Basis (10) Expenditures Encumbrances	Variance (Over) Under Budget
Expenditures and Encumbrances:			
Salaries	$ 376,204	$ 379,414	$ (3,210)
Retirement Contributions	38,143	38,460	(317)
Insurance Benefits	21,815	22,009	(194)
Other Benefits	2,765	2,771	(6)
Total Personal Services	**$ 438,927**	**$ 442,654**	**$ (3,727)**
Purchased Services	361,161	387,470	(26,309)
Materials and Supplies	33,221	34,955	(1,734)
Capital Outlay:			
Equipment	9,646	10,483	(837)
Real Property	5,721	2,184	3,537
Grants and Subsidies:			
Property Tax Relief		67,265	
Individuals		17,417	
Municipalities and Towns		298,491	
Counties		241,901	
School Districts		1,132,947	
Private Organizations		47,482	
University of Minnesota		222,153	
Retirement Associations		149,409	
Aid to Individuals: (3)			
Renters Credit		75,799	
Senior Citizens and Disabled		67,678	
Low Income Credits		10,223	
Other		107,776	
Total Grants and Subsidies	**$2,459,994 (12)**	**$2,438,541**	**$ 21,453**
Redistributed Costs	10,538	(1,507)	12,045
Gross Expenditures	**$3,319,208**	**$3,314,780**	**$ 4,428**
Less Reimbursements from Other Funds:			
Indirect Costs	(3,000)	(3,931)	931
Federal Reimbursements (Public Welfare)	(18,782)	(11,881)	(6,901)
Net Expenditures and Encumbrances	**$3,297,426**	**$3,298,968**	**$ (1,542)**
Transfers to Other Funds:			
Special Revenue Funds:			
Taconite Area Environmental Protection	$ 15,128	$ 17,929	$ (2,801)
Iron Range Resources	2,801	2,914	(113)
North East MN Economic Protection Fund	7,564	8,965	(1,400)
Trunk Highway	1,209	1,635	(426)
Other Special Revenue Funds	216	1,029	(813)
Debt Service and Advances to Other Funds	78,948	88,932	(9,985)
Housing Finance	42,500	45,010	(2,510)
All Other Funds	3,641	5,748	(2,107)
Total Transfers to Other Funds	**$ 152,007**	**$ 172,162**	**$(20,155)**
Total Expenditures and Encumbrances and Transfers to Other Funds	**$3,449,433**	**$3,471,130**	**$(21,697)**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

GENERAL FUND

SCHEDULE OF EXPENDITURES AND ENCUMBRANCES BY FUNCTIONAL CATEGORY (13)

YEAR ENDED JUNE 30, 1980

(000's Omitted)

(Unaudited)

	Budgetary Basis (10)		
	Total	Grants and Aids	Agency Operating Expense
Central, Fiscal and Administrative	$ 836,376	$ 783,700	$ 52,676
Protection of Persons and Property	18,706	2,033	16,673
Health, Welfare, Social Development	652,774	151,460	501,314
Environment and Transportation	88,226	43,731	44,495
Economic Development and Security	57,421	31,108	26,313
Education and Training	1,583,783	1,407,407	176,376
Consumer Protection	30,490	17,943	12,547
Legislative, Judicial, and Constitutional Officers	47,004	1,159	45,845
Total Expenditures and Encumbrances	**$3,314,780**	**$2,438,541**	**$876,239**

The footnotes are an integral part of the financial statements.

General Fund Footnotes

1. Consistent with general accepted accounting principles, only measurable and available receivables are recognized as revenue. Available means the receivable is collectible by the close of the books. In previous years the receivables were recorded in memorandum form only by showing the gross amount of receivables and offsetting them by a reserve for receivables, thereby having no effect on the unreserved fund balance.

2. Appropriations are made on a biennial basis whereby many appropriations carryover to the second year of the biennium. The negative unrestricted fund balance (deficit) as of June 30, 1980, may not be significant because appropriations are based on biennial rather than annual revenues. The impact of the accrual items implemented in fiscal year 1980 (discussed in general footnote 1.D) and a reconciliation of the unrestricted fund balance on the modified accrual basis to the budgetary basis is as follows:

General Fund
Reconciliation of Unrestricted Fund Balance –
Budgetary Basis to Unrestricted Fund Balance –
Modified Accrual Basis
June 30, 1980
(000's Omitted)

	(Millions)
Unrestricted Fund Balance, June 30, 1980 – Budgetary Basis	$18.0
Effect of recognition of revenues, transfers and advances for accrual purposes	19.0
Effect of recognition of liabilities and reserves for accrual purposes	(54.0)
Unrestricted Fund Balance, June 30, 1980, Modified Accrual Basis for Financial Reporting purposes	$(17.0)

3. Aids are paid to individuals as part of the income tax refund system. These aids are commingled with revenue refunds on the statewide accounting system and the breakdown of these amounts have been estimated based on computer reports from the Department of Revenue. Although the classification between the two may not be precisely stated, the impact on the fund balance is accurate.

4. These transfers are required from all funds to reimburse the General Fund for indirect costs.

5. Public welfare expenditures are incurred by the General Fund and subsequently reimbursed by the Federal Fund.

6. Medical Assistance Recoveries were previously reported as revenues and now are shown as a reduction of Medical Assistance expenditures now reported in the grants to individual object code.

7. The following schedule summarizes prior period adjustments and equity transfers for changes in reporting entity as discussed in general footnote 2:

STATE OF MINNESOTA

GENERAL FUND
SCHEDULE OF PRIOR PERIOD ADJUSTMENTS TO JUNE 30, 1979
RESERVED AND UNRESERVED FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

	Total Fund Balance	Reserved Fund Balance	Unreserved Fund Balance
Fund Balance as Previously Reported	$399,495	$140,764	$258,731
Prior Period Adjustments:			
Reserved Fund Balance:			
Reclassification of Encumbrances to Liabilities (Net)		$ (20,814)	
Revision of Criteria for Recognition of Long Term Receivables		(78,540)	
Non-Current Loans Receivable		785	
Total Prior Period Adjustments to June 30, 1979 Reserved Fund Balance	$ (98,569)	$ (98,569)	
Unreserved Fund Balance:			
Accrual of Prior Year Taxes Receivables			$ 7,095
Accrual of Prior Year Public Welfare Receivables			15,068
Accrual of Revenue Refund Liability			(10,241)
Accrual of Retirement Liability for TRA			(24,617)
Prior Year Deferred Revenue			(2,060)
Advance to Revenue Bond Fund			946
Prior Year Cancellation of Encumbrances			3,170
Adjustment for Recognition of Non-Current Loans			(1,062)
Other Accrual Items			(2,148)
Transfer of Equity to Taxes Clearing Agency Fund for Change in Reporting Entity*			(888)
Total Prior Period Adjustments and Transfers of Equity to June 30, 1979, Unreserved Fund Balance	$ (14,737)		$ (14,737)
Total Fund Balance, June 30, 1979, as Restated	$286,189	$ 42,195	$243,994

*Transfer of Mining Advance Royalties to Agency Fund.

8. Unrestricted revenue estimates were used as the basis for determining appropriations.

9. Restricted revenue estimates are updated throughout the fiscal year based on changing conditions.

10. The budgetary basis differs from the modified accrual basis because the accruals implemented during 1980 were not in effect at the time the budget was adopted.

11. Represents legislative intent.

12. Grants and Subsidies are allotted under a general category and at time of expenditure are broken down to specific object of expenditure.

13. Function categories correspond to departmental classification as shown on the General Organization Chart.

STATE OF MINNESOTA
SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS	
Cash	$34,995
Imprest Cash	10
Investments	19,198
Accrued Investment Income	674
Accounts Receivable	4,940
Due from Other Funds	624
Prepaid Expenses	1
Total Assets	$60,442
LIABILITIES, DEFERRED REVENUE, AND FUND BALANCE	
Liabilities:	
Accounts Payable	$ 3,032
Payable to Other Funds	2,423
Advances from Other Funds	50
Total Liabilities	$ 5,505
Deferred Revenue	$ 79
Fund Balance:	
Reserved for Encumbrances (2)	$ 8,926
Unreserved:	
Restricted for Appropriation Carryover	45,932
Total Fund Balance	$54,858
Total Liabilities, Deferred Revenue, and Fund Balance	$60,442

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

SPECIAL REVENUE FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Federal Grants – Education	$ 630
Intergovernmental Revenue	946
Departmental Earnings	10,877
Revenue from Use of Property	4,654
Statutory Fines	1
Investment Income	1,215
Other Revenue	4,052
Gross Revenue	$22,375
Less Revenue Refunds	1,147
Net Revenue	$21,228
Other Financing Sources:	
Operating Transfers from Other Funds	$22,690
Cancellation of Prior Years Encumbrances	318
Other	150
Total Other Financing Sources	$23,158
Total Sources	$44,386
Expenditures and Encumbrances:	
Current:	
Personal Services	$ 7,827
Purchased Services	4,443
Materials and Supplies	1,209
Grants and Subsidies (2)	14,670
Redistributed Costs	852
Capital Outlay:	
Equipment	1,978
Real Property	1,360
Reimbursement to General Fund for Indirect Costs	363
Total Expenditures and Encumbrances	$32,702
Other Financing Uses:	
Operating Transfer to Debt Service Fund	$ 203
All Other Operating Transfers to Other Funds	2,386
Total Current Year Operating Transfers	$ 2,589
Prior Years Transfers Out	792
Total Other Financing Uses	$ 3,381
Total Uses	$36,083
Net Change to Unreserved Fund Balance for the Year	$ 8,303
Changes in Reserved Fund Balance:	
Cancellation of Prior Years Encumbrances	$ (318)
Prior Years Encumbrances Expended During Year	(8,519)
Current Year Encumbrances	8,550
Net Change in Reserved Fund Balance for the Year	$ (287)
Total Changes in Fund Balance for the Year	$ 8,016
Fund Balance, July 1, 1979, as Reported (1)	$48,253
Prior Period Adjustments:	
Unreserved Fund Balance	7,310
Reserved Fund Balance	(1,735)
Transfers of Equity for Changes in Entity (Net)	(6,930)
Fund Balance, July 1, 1979, as Restated	$46,898
Less: Transfers of Residual Equity	(56)
Fund Balance, June 30, 1980	$54,858

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND TRANSFERS FROM OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Federal Grants – Education	$ 630
Intergovernmental Revenue	946
Departmental Earnings	10,877
Revenue from Use of Property	4,654
Statutory Fines	1
Investment Income	1,215
Other Income	4,052
Gross Revenue	$22,375
Less: Revenue Refunds	1,147
Net Revenue	$21,228
Operating Transfers from Other Funds:	
General Fund	$21,946
Highway User Tax Distribution Fund	432
Federal Fund	6
All Other Funds	306
Total Transfers from Other Funds	$22,690
Total Revenue and Transfers from Other Funds	$43,918

The footnotes are an integral part of the financial statements.

SPECIAL REVENUE FUND
STATEMENT OF EXPENDITURES AND TRANSFERS TO OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

	Expenditures	Encumbrances	Expenditures and Encumbrances
Expenditures and Encumbrances:			
Salaries	$ 7,110	$ 9	$ 7,119
Retirement Contributions	434		434
Insurance Benefits	222		222
Other Benefits	33	19	52
Total Personal Services	$ 7,799	$ 28	$ 7,827
Purchased Services	3,620	823	4,443
Materials and Supplies	1,051	158	1,209
Capital Outlay:			
Equipment	1,330	648	1,978
Real Property	365	995	1,360
Grants and Subsidies:			
Cities and Towns	5,592	3,092	8,684
Counties	280		280
School Districts	1,625		1,625
Private Organizations	573	2,573	3,146
Other	911	24	935
Total Grants and Subsidies	$ 8,981	$5,689	$14,670
Redistributed Costs	$ 643	$ 209	$ 852
Reimbursement to General Fund (Indirect Costs)	363		363
Total Expenditures and Encumbrances	$24,152	$8,550	$32,702
Operating Transfers to Other Funds:			
General Fund	$ 1,674		$ 1,674
Trunk Highway Fund	13		13
Federal Fund	699		699
Debt Service Fund	203		203
Total Operating Transfers to Other Funds	$ 2,589		$ 2,589
Total Expenditures, Encumbrances, and Transfers to Other Funds	$26,741	$8,550	$35,291

The footnotes are an integral part of the financial statements.

Special Revenue Fund Footnotes

1. In order to more accurately report the operations of the Special Revenue Fund, several activities have been either transferred into or out of the fund. The necessary adjustments to beginning equity accounts for these changes and other corrections are indicated in the following schedule:

SPECIAL REVENUE FUND
SCHEDULE OF PRIOR PERIOD ADJUSTMENTS AND TRANSFERS OF EQUITY
(000's Omitted)

	Total Fund Balance	Reserved Fund Balance	Unreserved Fund Balance
Fund Balance, as Previously Reported, July 1, 1979	$48,253	$10,985	$37,268
Prior Period Adjustments:			
Reserved Fund Balance:			
Reclassification of Liabilities to Encumbrances		$ 3,568	
Cancellation of Invalid Encumbrances		(649)	
Elimination of Workers' Compensation Account Clearing Activities		(29)	
Elimination of Project Encumbrances		(4,625)	
Total Prior Period Adjustments to Reserved Fund Balance	$(1,735)	$(1,735)	
Unreserved Fund Balance:			
Cancellation of Invalid Encumbrances			649
Elimination of Workers' Compensation Account Clearing Activity			2,910
Elimination of Project Encumbrances			4,625
Correction of Unearned Investment Income			(31)
Correction for Clearing Accounts Funds Due to Permanent School Fund			(843)
Total Prior Period Adjustments to Unreserved Fund Balance	$ 7,310		$ 7,310
Transfers of Equity:			
To Game and Fish Fund		$ (444)	$ (179)
To N.E. Minnesota Economic Protection Fund			(9,242)
From Agency Fund		407	105
From Revolving Fund			2,396
From Service Fund		1	26
Total Transfers of Equity	$(6,930)	$ (36)	$(6,894)
Fund Balance, as Restated, July 1, 1979	$46,898	$ 9,214	$37,684

2. The purchasing agent activities conducted by the Minnesota Educational Computer Consortium (MECC) on behalf of its member groups are included in the statements. Accordingly, revenues and expenditures may be overstated by an undetermined amount equal to the amount of this activity.

3. All project encumbrances for grants made by the Iron Range Resources Rehabilitation Board have been eliminated from the statements. The total of these encumbrances as of June 30, 1980, was $19,517,186.

STATE OF MINNESOTA
STATE AIRPORTS FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS

Current Assets:	
Cash	$ 105
Due from Other Funds	269
Accrued Investment Income	395
Investments (1980 market value of $10,929)	10,534
Loans Receivable (1)	247
Total Current Assets	**$11,550**
Non-Current Assets:	
Loans Receivable (1)	$ 1,386
Advance to Trunk Highway Fund	50
Total Non-Current Assets	**$ 1,436**
Total Assets	**$12,986**

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	$ 120
Contract Retainage Payable	6
Total Liabilities	**$ 126**
Fund Balance:	
Reserved:	
Reserve for Encumbrances	$ 7,181
Reserve for Hangar Revolving (2)	2,800
Reserve for Advance to Trunk Highway	50
Total Reserved Fund Balance	**$10,031**
Unreserved:	
Restricted for Appropriation Carryover	$ 2,507
Unrestricted Fund Balance	322
Total Unreserved Fund Balance	**$ 2,829**
Total Fund Balance	**$12,860**
Total Liabilities and Fund Balance	**$12,986**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

STATE AIRPORTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Taxes	$ 8,977
Departmental Earnings	25
Income from Investments	1,231
Gross Revenue	$10,233
Less Revenue Refunds	1,160
Net Revenue	$ 9,073
Other Financing Sources:	
Cancellation of Prior Year Encumbrances	$ 202
Total Sources	$ 9,275
Expenditures and Encumbrances:	
Current:	
Purchased Services	$ 332
Materials and Supplies	35
Grants and Subsidies	4,579
Capital Outlay:	
Equipment	191
Real Property	203
Reimbursement to Trunk Highway Fund for Salaries	1,110
Reimbursements to (from) Other Funds	(219)
Total Expenditures and Encumbrances	$ 6,231
Other Financing Uses:	
Operating Transfers to Debt Service Fund	$ 465
Increase in Hangar Revolving Appropriation	750
Total Other Financing Uses	$ 1,215
Total Uses	$ 7,446
Net Change in Unreserved Fund Balance for the Year	$ 1,829
Changes in Reserved Fund Balance:	
Cancellation of Prior Year Encumbrances	$ (202)
Prior Years Encumbrances Expended During Year	(4,746)
Current Year Encumbrances	3,824
Increase in Reserve for Hangar Revolving	750
Net Change in Reserved Fund Balance	$ (374)
Total Changes in Fund Balance for the Year	$ 1,455
Fund Balance, July 1, 1979 as Previously Reported	$10,490
Prior Period Adjustment (5)	915
Fund Balance, July 1, 1979 as Restated	$11,405
Fund Balance, June 30, 1980	$12,860

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
STATE AIRPORTS FUND
STATEMENT OF ACTUAL AND ESTIMATED REVENUES
YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

	Actual	Estimated (3)	Estimated Actual Variance Over (Under) Budget
Revenues:			
Aircraft Tax	$ 1,455	$ 880	$ 575
Air Carrier Flight Property Tax	4,293	4,000	293
Aviation Gasoline and Special Fuel Tax	3,229	3,350	(121)
Departmental Earnings	25	1	24
Income from Investments	1,231	665	566
Total Revenue	$10,233	$8,896	$1,337
Less Revenue Refunds	1,160	1,613	(453)
Net Revenue	$ 9,073	$7,283	$1,790

The footnotes are an integral part of the financial statements.

STATE AIRPORTS FUND
STATEMENT OF EXPENDITURES, ENCUMBRANCES AND TRANSFERS TO OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

	Expenditures	Encumbrances	Expenditures and Encumbrances
Expenditures and Encumbrances:			
Salary Reimbursement to Trunk Highway Fund	$1,110	N/A	$1,110
Purchased Services	287	$ 45	332
Materials and Supplies	21	14	35
Capital Outlay:			
Equipment	102	89	191
Real Property	109	94	203
Grants and Subsidies:			
Cities and Counties	966	3,581	4,547
Private Organizations	32		32
Subtotal	$2,627	$3,823	$6,450
Reimbursements to (from) Other Funds	(219)	N/A	(219)
Total Expenditures and Encumbrances	$2,408	$3,823	$6,231
Operating Transfers to Other Funds:			
Debt Service	$ 465	N/A	$ 465
Total Expenditures, Encumbrances, and Operating Transfers to Other Funds	$2,873	$3,823	$6,696

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
STATE AIRPORTS FUND
STATEMENT OF ACTUAL AND BUDGETED EXPENDITURES
YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

	Budget (4)	Expenditures	Encumbrances	Over (Under) Budget
Expenditures and Encumbrances:				
Salary Reimbursement to Trunk Highway Fund	$1,110	$1,110	$ N/A	$
Purchased Services	236	287	45	96
Materials and Supplies	25	21	14	9
Capital Outlay:				
Equipment	281	102	89	(90)
Real Property	10	109	94	193
Grants and Subsidies:				
Cities and Counties	7,180	966	3,581	(2,633)
Private Organizations		32		32
Subtotal	$8,842	$2,627	$3,823	$(2,392)
Reimbursements to (from) Other Funds	(219)	(219)	N/A	
Total Expenditures and Encumbrances	$8,623	$2,408	$3,823	$(2,392)
Operating Transfers to Other Funds:				
Debt Service	$ 465	$ 465	N/A	
Total Expenditures, Encumbrances, and Transfers to Other Funds	$9,088	$2,873	$3,823	$(2,392)

The footnotes are an integral part of the financial statements.

State Airports Fund Footnotes
(000's Omitted)

1. Loans receivable represent loans made to finance the construction of hangar buildings for municipally owned airports. The current portion represents loans anticipated to be repaid during fiscal year 1981.

2. The total amount authorized for hangar construction loans is reserved in the fund balance section.

3. Revenue estimates are updated throughout the year based on changing conditions.

4. Represents legislative intent.

5. The Prior Period Adjustment reflects a reclassification of $915 Accounts Payable to Reserve for Encumbrance as of June 30, 1979, based on an analysis of disbursements.

STATE OF MINNESOTA
GAME AND FISH FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS

Cash	$ 9,012
Accounts Receivable	1,204
Due from Other Funds	477
Federal Aid Agreements Receivable	590
Total Assets	**$11,283**

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	$ 1,435
Payable to Other Funds	1,097
Total Liabilities	**$ 2,532**
Fund Balance:	
Reserved for Encumbrances	$ 1,731
Unreserved:	
Restricted for Appropriation Carry Forward	993
Unrestricted	6,027
Total Unreserved Fund Balance	**$ 7,020**
Total Fund Balance	**$ 8,751**
Total Liabilities and Fund Balance	**$11,283**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

GAME AND FISH FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues: (1)	
Federal Grants	$ 4,770
Departmental Earnings (2)	12,266
Revenue from Use of Property	179
Other Revenue	1,726
Gross Revenue	$18,941
Less Revenue Refunds	174
Net Revenue	$18,767
Other Financing Sources:	
Operating Transfers from Other Funds	$ 432
Cancellation of Prior Years Encumbrances	106
Prior Year Receipts	222
Total Other Financing Sources	$ 760
Total Sources	$19,527
Expenditures and Encumbrances:	
Current:	
Personal Services	$11,782
Purchased Services	1,783
Materials and Supplies	1,594
Grants and Subsidies	367
Capital Outlay:	
Equipment	952
Real Property	990
Reimbursement to General Fund (Indirect Costs)	138
Total Expenditures and Encumbrances	$17,606
Other Financing Uses:	
Operating Transfer to General Fund Project	$ 10
Total Uses	$17,616
Net Change in Unreserved Fund Balance	$ 1,911
Changes in Reserved Fund Balance:	
Cancellation of Prior Years Encumbrances	$ (106)
Prior Years Encumbrances Expended During Year	(1,746)
Current Years Encumbrances	1,545
Net Change in Reserved Fund Balance for the Year	$ (307)
Total Changes in Fund Balance for the Year	$ 1,604
Fund Balance, July 1, 1979, as Previously Reported (2)	$ 4,405
Prior Period Adjustments:	
Unreserved Fund Balance	1,524
Reserved Fund Balance	595
Transfers of Equity for Change in Entity	623
Fund Balance, July 1, 1979, as Restated	$ 7,147
Fund Balance, June 30, 1980	$ 8,751

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

GAME AND FISH FUND
STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES AND TRANSFERS TO OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

	Budget (4)	Budgetary Basis (5) Expenditures	Budgetary Basis (5) Encumbrances	(Over) Under Budget
Expenditures and Encumbrances:				
Salaries		$ 9,594		
Retirement Contributions		1,347		
Insurance Benefits		610		
Other Benefits		7		
Total Personal Services	$12,110	$11,558		$552
Purchased Services	$ 1,767	$ 1,300	$ 413	$ 54
Materials and Supplies	1,159	1,453	142	(436)
Grants and Subsidies:				
Individuals		$ 85		
Cities and Towns		5		
Counties		7		
Other		290		
Total Grants and Subsidies	$ 737	$ 387	$ 110	$240
Capital Outlay:				
Equipment	$ 903	$ 820	$ 132	$ (49)
Real Property	1,147	688	402	57
Reimbursement to General Fund – Indirect Cost	138	138		
Total Expenditures and Encumbrances	$17,961	$16,344	$1,199	$418

The footnotes are an integral part of the financial statements.

GAME AND FISH FUND
STATEMENT OF ACTUAL AND ESTIMATED REVENUES AND TRANSFERS FROM OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

	Budgetary Basis (5) Actual	Budgetary Basis (5) Estimated (3)	Estimated Actual Variance Over (Under) Budget
Revenues:			
Federal Grants	$ 4,180	$ 3,100	$ 1,080
Departmental Earnings:			
Fishing Licenses	6,237	7,739	(1,502)
Hunting Licenses	5,724	5,907	(183)
Sportsmen Licenses	825	672	153
Migratory Water Stamp	509	357	152
All Other	209	203	6
Total Departmental Earnings	$13,504	$14,878	$(1,374)
Revenue from Use of Property	$ 179	$ 252	$ (73)
Other Revenue	1,619	134	1,485
Gross Revenue	$19,482	$18,364	$ 1,118
Less Revenue Refunds	(174)	(156)	(18)
Net Revenue	$19,308	$18,208	$ 1,100
Operating Transfers from Other Funds:			
Highway User Tax Distribution	$ 432	$ 432	$
Total Net Revenue and Transfers from Other Funds	$19,740	$18,640	$ 1,100

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

GAME AND FISH FUND
STATEMENT OF EXPENDITURES, ENCUMBRANCES AND TRANSFERS TO OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

	Expenditures	Encumbrances	Expenditures and Encumbrances
Expenditures and Encumbrances:			
Salaries	$ 9,818	$	$ 9,818
Retirement Contributions	1,347		1,347
Insurance Contributions	610		610
Other Benefits	7		7
Total Personal Services	**$11,782**	**$ 0**	**$11,782**
Purchased Services	$ 1,321	$ 462	$ 1,783
Materials and Supplies	1,363	231	1,594
Grants and Subsidies:			
Individuals	82		82
Cities and Towns	3		3
Counties	5		5
Other	60	217	277
Total Grants and Subsidies	**$ 150**	**$ 217**	**$ 367**
Capital Outlay:			
Equipment	$ 732	$ 220	$ 952
Real Property	575	415	990
Reimbursement to Other Funds:			
General Fund (Indirect Costs)	138		138
Total Expenditures and Encumbrances	**$16,061**	**$1,545**	**$17,606**
Operating Transfers to Other Funds:			
General Fund Project	$ 10	$	$ 10
Total Expenditures, Encumbrances, and Transfers to Other Funds	**$16,071**	**$1,545**	**$17,616**

The footnotes are an integral part of the financial statements.

Game and Fish Fund Footnotes
(000's Omitted)

1. Traditionally, the receipts from the sale of hunting and fishing licenses in the 87 counties have been recorded on the cash basis when received from the counties. The receipts from the May and June license sales in one fiscal year are received and deposited in the following fiscal year. Since this revenue is earned and determinable as of June 30, it has been accrued to the appropriate fiscal year. The amount of the accounts receivable for license sales at the end of fiscal year 1980 was $1,204,517, and at the end of fiscal 1979, $1,793,647.

2. The fiscal year 1980 financial statements include the presentation of surcharges collected by the Department of Natural Resources for the Leech Lake Indian Band, the acquisition of wildlife habitat and Canadian waterfowl stamps in the Game and Fish Fund. In previous fiscal years these surcharges were reported in the Special Revenue Fund. The effects on the beginning fund balance were as follows:

GAME AND FISH FUND
SCHEDULE OF PRIOR PERIOD ADJUSTMENTS AND TRANSFERS OF EQUITY

	Total Fund Balance	Reserved Fund Balance	Unreserved Fund Balance
Fund Balance as Previously Reported	$4,405	$ 999	$3,406
Prior Period Adjustments:			
Reserved Fund Balance:			
Reclassification of Liabilities to Encumbrances		578	
Correction for Refund Encumbrance Omitted		17	
Total Prior Period Adjustments to Reserved Fund Balance	$ 595	$ 595	
Unreserved Fund Balance:			
Accrual of Prior Year's Workers' Compensation Liability			(48)
Accrual of Prior Year's Unemployment Compensation Liability			(170)
Accrual of Accounts Receivable			1,794
Correction for Refund Encumbrance Omitted			(17)
Accrual of Undistributed Leech Lake Band License Fees Liability			(35)
Total Prior Period Adjustments to Unreserved Fund Balance	1,524		$1,524
Transfers of Equity from Special Revenue Fund	623	444	179
Total Fund Balance, as Restated, July 1, 1979	$7,147	$2,038	$5,109

3. Revenue estimates are updated throughout the year based on changing conditions.

4. Represents legislative intent.

5. The budgetary basis differs from the modified accrual basis because the accruals implemented during 1980 were not in effect at the time the budget was adopted.

STATE OF MINNESOTA
TRUNK HIGHWAY FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS

Cash	$ (3,056)
Imprest Cash	21
Investments (1980 market value of $50,734) (10)	49,226
Accounts Receivable (1)	1,673
Due from Other Funds	1,237
Federal Aid Receivable (2)	8,545
Amount to be Provided – Advances from FHWA (3)	15,252
Inventory (4)	13,693
Advance to Department of Labor and Industry	74
Accrued Investment Income	1,508
Total Assets (5)	**$88,173**

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	$27,091
Contracts Retainage Payable	4,293
Deferred Revenue	57
Advance from State Airports Fund	50
Advances from FHWA (3)	15,252
Due to Other Funds	519
Due to Counties	94
Total Liabilities	**$47,356**
Fund Balance:	
Reserved:	
Reserve for Encumbrances (6)	$13,299
Reserve for Inventory	13,693
Reserve for Advance to Department of Labor and Industry	74
Reserve for State Share of Construction Contracts	3,497
Total Reserved Fund Balance	**$30,563**
Unreserved:	
Restricted for Appropriation Carryover	$ 3,694
Unrestricted Fund Balance	6,560
Total Unreserved Fund Balance	**$10,254**
Total Fund Balance	**$40,817**
Total Liabilities and Fund Balance	**$88,173**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

TRUNK HIGHWAY FUND

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE

JUNE 30, 1980

(000's Omitted)

Revenue:	
Federal Grants	$155,602
Departmental Earnings	13,204
Revenue from Use of Property	1,635
Income from Investments	6,740
Other Revenue	4,403
Gross Revenue	**$181,584**
Less Revenue Refunds	**126**
Net Revenue	**$181,458**
Other Financing Sources:	
Operating Transfers from Other Funds	$197,254
Net Increase in Amount to be Provided Advances from FHWA	1,019
Cancellation of Prior Years Encumbrances	1,735
Adjustment to Accounts Receivable	211
Prior Year Revenue	230
Prior Year Transfers (Net)	55
Other	415
Prior Year Revenue for State Share of Construction Contracts	62,392
Total Other Financing Sources	**$263,311**
Total Sources	**$444,769**
Expenditures and Encumbrances:	
Current:	
Personal Services	$129,341
Purchased Services	27,104
Materials and Supplies	24,570
Grants and Subsidies	441
Indirect Cost Reimbursement to General Fund	1,125
Capital Outlay:	
Equipment	9,696
Real Property	196,232
Gross Expenditures and Encumbrances	**$388,509**
Less Project Encumbrances	(118,967)
Less Reimbursements from Other Funds	(3,884)
Net Expenditures and Encumbrances	**$265,658**
Other Financing Uses:	
Operating Transfers to Debt Service Fund	$ 11,283
Net Increase in Advances from FHWA	1,019
Restatement of Prior Years Encumbrances Expended During Year	177,827
Total Other Financing Uses	**$190,129**
Total Uses	**$455,787**
Net Change in Unreserved Fund Balance	**$(11,018)**
Changes in Reserved Fund Balance:	
Cancellation of Prior Years Encumbrances	$ (1,809)
Prior Years Encumbrances Expended During Year	(7,382)
Current Year Encumbrances	11,477
Reserve for Inventory	1,470
Reserve for State Share of Construction Contracts	(62,392)
Net Change in Reserved Fund Balance	**$(58,636)**
Total Changes in Fund Balance	**$(69,654)**
Fund Balance, July 1, 1979	**$110,471**
Fund Balance, June 30, 1980	**$ 40,817**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

TRUNK HIGHWAY FUND
STATEMENT OF ACTUAL AND ESTIMATED REVENUES, OTHER FINANCING SOURCES AND TRANSFERS FROM OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

	Actual	Estimated (8)	Estimated Actual Variance Over (Under) Budget 1980
Revenue:			
Federal Grants	$155,602	$131,268	$24,334
Departmental Earnings	13,204	15,695	(2,491)
Revenue from Use of Property	1,635	8,429	(6,794)
Income from Investments	6,740	7,500	(760)
Other Revenue	4,403	4,418	(15)
Gross Revenue	$181,584	$167,310	$14,274
Less Revenue Refunds	(126)	(6)	(120)
Net Revenue	$181,458	$167,304	$14,154
Other Financing Sources:			
Operating Transfers from Other Funds	$197,254	N/A	N/A
Advances from FHWA	1,019		
Cancellation of Prior Year Encumbrances	1,735		
Adjustment to Accounts Receivable	211		
Prior Years Revenue and Transfers	285		
Other	415		
Prior Year Revenue for State Share of Construction Contracts	62,392		
Total Other Financing Sources	$263,311		
Total Sources	$444,769	$167,304	$14,154

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

TRUNK HIGHWAY FUND
STATEMENT OF BUDGETED (9) AND ACTUAL EXPENDITURES AND TRANSFERS TO OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

	Budget	Expenditures	Encumbrances	(Over) Under Budget
Expenditures and Encumbrances:				
Personal Services	$132,617	$124,196	$ 5,145	$ 3,276
Purchased Services	26,723	19,255	7,849	(381)
Materials and Supplies	23,324	20,234	4,336	(1,246)
Capital Outlay:				
Equipment	9,584	6,187	3,509	(112)
Real Property	219,307	63,804	132,428	23,075
Grants and Subsidies	271	400	41	(170)
Indirect Cost Reimbursement to General Fund	1,125	1,125		
Gross Expenditures	$412,951	$235,201	$153,308	$24,442
Less Project Encumbrances and Expenditures	(118,967)		(118,967)	
Less Reimbursements from Other Funds	(3,884)	(3,884)	N/A	
Accounts Payable		23,005	(23,005)	
Net Expenditures and Encumbrances	$290,100	$254,322	$ 11,336	$24,442
Other Uses:				
Net Increase in Advances Payable FHWA	N/A	$ 1,019	N/A	
Restatement of Prior Years Expended During Year		177,827		
Operating Transfer to Debt Service Fund	11,428	11,283		145
Total Other Uses	$ 11,428	$190,129		$ 145
Total Expenditures, Encumbrances and Other Financing Uses	$301,528	$444,451	$ 11,336	$24,587

The footnotes are an integral part of the financial statements.

Trunk Highway Fund Footnotes
(000's Omitted)

1. Accounts Receivable has been reduced by the $401 allowance for doubtful accounts.

2. Traditionally, federal aid agreements had been shown as an asset to offset related prject encumbrances of which there was no material effect on the Unrestricted Fund Balance. To comply with generally accepted accounting principles, project encumbrances and federal aid agreements will no longer be recognized until the period in which the liability is incurred. Total federal aid agreements as of June 30, 1980, were $187,680.

3. The state normally receives reimbursments from the Federal Highway Administration (FHWA) on purchases of right of way after completion of a project. Occasionally, the FHWA will advance the state money prior to the purchase of right of ways. This appears as a liability (Advances from FHWA) and an offsetting asset (Amount to be Provided -- Advances from FHWA).

4. Inventory valuation is based on the weighted average method.

5. Bonds authorized and unissued as of June 30, 1980 were $19,000.

6. The Reserve for Encumbrances does not include long-term project encumbrances of $192,231.

7. This represents the state's commitment to cover long-term project encumbrances against existing contractual obligations.

8. Revenue estimates are updated throughout the year based on changing conditions.

9. Represents legislative intent.

10. As of June 30, 1980, investments totaling $6,100 were loaned out to brokers, government bond dealers, or banks with $6,565 in securities held as collateral.

STATE OF MINNESOTA
HIGHWAY USERS TAX DISTRIBUTION FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS

Cash	$5,052
Imprest Cash	2
Taxes Receivable	105
Total Assets	$5,159

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	$1,238
Contract Retainage Payable	1
Due to Other Funds	1,542
Total Liabilities	$2,781
Fund Balance:	
Reserved Fund Balance:	
Reserve for Encumbrances	$1,049
Unreserved Fund Balance:	
Restricted for Distribution to Other Funds	1,329
Total Fund Balance	$2,378
Total Liabilities and Fund Balance	$5,159

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

HIGHWAY USERS TAX DISTRIBUTION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Taxes	$341,644
Departmental Earnings	1,673
Other Revenue	1
Gross Revenue	$343,318
Less Revenue Refunds	17,945
Net Revenue	$325,373
Other Financing Sources:	
Cancellation of Prior Years Encumbrances	83
Total Sources	$325,456
Expenditures and Encumbrances:	
Current:	
Personal Services	$ 2,874
Purchased Services	1,897
Materials and Supplies	1,303
Grants and Subsidies	13
Capital Outlay:	
Equipment	59
Real Property	37
Reimbursements to (from) Other Funds	502
Total Expenditures and Encumbrances	$ 6,685
Other Financing Uses:	
Operating Transfers to Other Funds	$319,750
Total Uses	$326,435
Net Changes in Unreserved Fund Balance	$ (979)
Changes in Reserved Fund Balance:	
Cancellation of Prior Year Encumbrances	$ (83)
Prior Year Encumbrances Expended During Year	(706)
Current Year Encumbrances	1,049
Net Change in Reserved Fund Balance	$ 260
Total Changes in Fund Balance	$ (719)
Fund Balance, July 1, 1979 as Previously Reported	$ 2,990
Prior Period Adjustment (3)	107
Fund Balance, July 1, 1979 as Restated	$ 3,097
Fund Balance, June 30, 1980	$ 2,378

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

HIGHWAY USERS TAX DISTRIBUTION FUND
STATEMENT OF ACTUAL AND ESTIMATED REVENUES
YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

	Actual	Estimated (1)	Estimated Actual Variance Over (Under) Budget
Revenue:			
Motor Vehicle Registration	$128,998	$132,317	$(3,319)
Gasoline Tax	187,541	181,694	5,847
Special Fuel Tax	25,105	22,306	2,799
Departmental Earnings	1,673	1,737	(64)
Other Revenue	1		1
Gross Revenue	$343,318	$338,054	$ 5,264
Less Revenue Refunds	17,945	20,001	(2,056)
Net Revenue	$325,373	$318,053	$ 7,320

The footnotes are an integral part of the financial statements.

HIGHWAY USERS TAX DISTRIBUTION FUND
STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES AND TRANSFERS TO OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

	Budget (2)	Expenditures	Encumbrances	(Over) Under Budget
Expenditures and Encumbrances:				
Personal Services	$ 3,045	$ 2,869	$ 5	$ 171
Purchased Services	2,803	1,878	19	906
Materials and Supplies	1,551	763	540	248
Capital Outlay:				
Equipment	20	11	48	(39)
Real Property		15	22	(37)
Grants and Subsidies		11	2	(13)
Reimbursements to Other Funds	502	502	N/A	
Total Expenditures and Encumbrances	$ 7,921	$ 6,049	$636	$1,236
Operating Transfers to Other Funds:				
General Fund	$ 654	$ 654	N/A	
Special Revenue Fund	654	654	N/A	
Game and Fish Fund	655	655	N/A	
Trunk Highway Fund	196,710	196,710	N/A	
Municipal State Aid-Street Fund	28,601	28,601	N/A	
County State Aid-Highway Fund	92,476	92,476	N/A	
Total Operating Transfers to Other Funds	$319,750	$319,750	N/A	
Total Expenditures, Encumbrances, and Transfers to Other Funds	$327,671	$325,799	$636	$1,236

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

HIGHWAY USERS TAX DISTRIBUTION FUND
STATEMENT OF EXPENDITURES, ENCUMBRANCES, AND TRANSFERS TO OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

	Expenditures	Encumbrances	Expenditures and Encumbrances
Expenditures and Encumbrances:			
Personal Services	$ 2,869	$ 5	$ 2,874
Purchased Services	1,878	19	1,897
Materials and Supplies	763	540	1,303
Capital Outlay:			
Equipment	11	48	59
Real Property	15	22	37
Grants and Subsidies	11	2	13
Reimbursements to Other Funds	502	N/A	502
Total Expenditures and Encumbrances	**$ 6,049**	**$636**	**$ 6,685**
Operating Transfers to Other Funds:			
General Fund	$ 654	N/A	$ 654
Special Revenue Fund	654	N/A	654
Game and Fish Fund	655	N/A	655
Trunk Highway Fund	196,710	N/A	196,710
Municipal State Aid Street Fund	28,601	N/A	28,601
County State Aid Highway Fund	92,476	N/A	92,476
Total Operating Transfers to Other Funds	**$319,750**	**N/A**	**$319,750**
Total Expenditures, Encumbrances, and Transfers to Other Funds	**$325,799**	**$636**	**$326,435**

The footnotes are an integral part of the financial statements.

Highway Users Tax Distribution Fund Footnotes

1. Revenue estimates are updated throughout the year based on changing conditions.

2. Represents legislative intent.

3. The Prior Period Adjustment reflects a reclassification of $107 Accounts Payable to Reserve for Encumbrances as of June 30, 1979 based on an analysis of disbursements.

STATE OF MINNESOTA
FEDERAL FUND (1)
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS	
Cash	$21,159
Imprest Cash	14
Accounts Receivable	49,462
Due from Other Funds	191
Prepaid Expenses	2
Total Assets	$70,828
LIABILITIES, DEFERRED REVENUE AND FUND BALANCE	
Liabilities:	
Accounts Payable	$16,496
Due to Other Funds	14,673
Total Liabilities	$31,169
Deferred Revenue (2)	$11,427
Fund Balance: (2)	
Reserved for Encumbrances (3)	$28,232
Total Liabilities, Deferred Revenue and Fund Balance	$70,828

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
FEDERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Federal Grants	$905,869
Intergovernmental Revenue	239
Other Revenue	2,673
Gross Revenue	$908,781
Less Revenue Refunds	491
Net Revenue	$908,290
Other Financing Sources:	
Operating Transfers from Other Funds	$ 22
Total Sources	$908,312
Expenditures and Encumbrances:	
Current:	
Personal Services	$ 43,484
Purchased Services	16,548
Materials and Supplies	2,545
Grants and Subsidies	768,615
Redistributed Costs	953
Capital Outlay:	
Equipment	2,687
Real Property	2,310
Reimbursements to Other Funds	22,447
Less Medical Assistance Recoveries	(5,936)
Net Expenditures and Encumbrances	$853,653
Other Financing Uses:	
Operating Transfers to Other Funds	$ 52,873
Other	1,786
Total Uses	$908,312
Net Change in Unreserved Fund Balance	$ 0
Changes in Reserved Fund Balance:	
Current Year Encumbrances	$ 28,232
Prior Years Encumbrances Expended During Year	(17,902)
Net Change in Reserved Fund Balance for the Year	$ 10,330
Fund Balance, July 1, 1979, as Previously Reported	$ 40,980
Prior Period Adjustment (4)	(23,078)
Fund Balance, July 1, 1979 as Restated	$ 17,902
Fund Balance, June 30, 1980	$ 28,232

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

FEDERAL FUND
STATEMENT OF EXPENDITURES, ENCUMBRANCES AND TRANSFERS TO OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

	Expenditures	Encumbrances	Expenditures and Encumbrances (Transfers)
Expenditures and Encumbrances:			
Salaries	$ 37,761	$	$ 37,761
Retirement Contributions	3,745		3,745
Insurance Benefits	1,857		1,857
Other Benefits	121		121
Total Personal Services	$ 43,484		$ 43,484
Purchased Services	$ 15,709	$ 839	$ 16,548
Materials and Supplies	2,391	154	2,545
Capital Outlay:			
Equipment	2,354	333	2,687
Real Property	2,252	58	2,310
Grants and Subsidies:			
Individuals	330,297	611	330,908
Cities	14,876	1,994	16,870
Towns	456		456
Counties	188,962	8,485	197,447
School Districts	106,306	6,837	113,143
Private Organizations	83,964	7,583	91,547
Other	16,927	1,317	18,244
Total Grants and Subsidies	$741,788	$26,827	$768,615
Redistributed Costs	$ 948	$ 5	$ 953
Reimbursements to Other Funds:			
General Fund – Public Welfare	11,881		11,881
General Fund – Indirect Costs	1,200		1,200
Employment Services Administration Fund	9,366		9,366
Less Medical Assistance Recoveries	(5,936)		(5,936)
Net Expenditures and Encumbrances	$825,437	$28,216	$853,653
Operating Transfers to Other Funds:			
General Fund	$ 52,397	N/A	$ 52,397
Special Revenue Fund	6		6
Trunk Highway Fund	408		408
Other	62		62
Total Transfers to Other Funds	$ 52,873	$	$ 52,873
Total Expenditures, Encumbrances and Transfers to Other Funds	$878,310	$28,216	$906,526

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

FEDERAL FUND
STATEMENT OF REVENUES AND TRANSFERS FROM OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Federal Grants:	
Administrative	$ 88
Economic Development	587
Manpower Services	37
Education	155,155
Health	20,882
Natural Resources	10,732
Public Safety	12,352
Social Welfare	536,956
Airports	3,691
Other	165,389
Total Federal Grants	$905,869
Intergovernmental Revenue	$ 239
Other Revenue	2,673
Gross Revenue	$908,781
Less Revenue Refunds	491
Net Revenue	$908,290
Operating Transfers from Other Funds:	
General Fund	$ 8
Special Revenue Fund	9
Agency Fund	1
Other	4
Total Transfers from Other Funds	$ 22
Total Revenue and Transfers from Other Funds	$908,312

The footnotes are an integral part of the financial statements.

Federal Fund Footnotes
(000's Omitted)

1. The Federal Fund represents the net of all federal programs not accounted for in another fund as of June 30, 1980. Reporting for each federal program as it relates to their type of funding is done by agencies pursuant to federal regulations.

2. When a federal program is established, federal fund monies are restricted to that program. Should it be cancelled, excess monies revert to the federal government. Therefore, the unreserved or discretionary fund balance will always be zero. Deferred revenue of $11,427 was derived based on the excess of assets over liabilities and reserves in order to bring the unreserved fund balance to zero.

3. In order to accommodate federal reporting requirements and the different federal fiscal year ending September 30, encumbrances are frequently cancelled and re-established in the subsequent state fiscal year. Accordingly, unliquidated encumbrances as of the state's September closing of the books are not recognized in fiscal year 1980 because they will be recognized in subsequent state fiscal years when the related resources are recognized.

4. Prior Period Adjustments reflect the impact that accrual items and implementation of the basis of accounting have on the beginning of the year fund balance (as discussed in general footnotes 1.D and 2).

STATE OF MINNESOTA
EMPLOYMENT SERVICES ADMINISTRATION FUND (1)
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS	
Cash	$ 80
Imprest Cash	8
Accounts Receivable	3,410
Due from Other Funds	39
Prepaid Expense	3
Total Assets	**$3,540**

LIABILITIES, DEFERRED REVENUE AND FUND BALANCE	
Liabilities:	
Accounts Payable	$2,626
Payable to Other Funds	258
Total Liabilities	**$2,884**
Deferred Revenue	$ 134
Fund Balance:	
Reserved for Encumbrances	$ 522
Total Liabilities, Deferred Revenue and Fund Balance	**$3,540**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

EMPLOYMENT SERVICES ADMINISTRATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Federal Grants – Manpower Services	$30,508
Intergovernmental Revenue	4,226
Other Revenue	68
Total Revenue	**$34,802**
Other Financing Sources:	
Operating Transfers from Other Funds	$ 16
Total Sources	**$34,818**
Expenditures and Encumbrances:	
Current:	
Personal Services	$34,248
Purchased Services	6,606
Materials and Supplies	503
Grants and Subsidies	807
Capital Outlay:	
Equipment	1,431
Real Property	45
Reimbursement to General Fund	286
Gross Expenditures and Encumbrances	**$43,926**
Less Reimbursements from Federal Fund	**(9,340)**
Net Expenditures and Encumbrances	**$34,586**
Other Financing Uses:	
Operating Transfers to Debt Service Fund	$ 232
Total Uses	**$34,818**
Net Change in Unreserved Fund Balance for the Year	**$ 0**
Changes in Reserved Fund Balance for the Year	**$ 300**
Fund Balance, July 1, 1979, as Previously Reported	**$ 477**
Prior Period Adjustment (2)	(255)
Fund Balance, July 1, 1979, as Restated	**$ 222**
Fund Balance, June 30, 1980	**$ 522**

The footnotes are an integral part of the financial statements.

Employment Services Administration Fund Footnotes
(000's Omitted)

1. Federal monies are restricted to the administration of this program and any cancellations revert to the federal government. Therefore the unreserved or discretionary fund balance will always be zero. Deferred revenue of $134 was derived based on the excess of assets over liabilities and reserves in order to bring the unreserved fund balance to zero.

2. Prior period adjustments reflect the impact that accrual items and implementation of the basis of accounting have on the beginning of the year fund balance (as discussed in general footnotes 1.D and 2).

STATE OF MINNESOTA

GIFT FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS

Cash	$1,117
Investments (1980 market value $758)	740
Accounts Receivable	3
Due from Other Funds	82
Accrued Investment Income	18
Total Assets	**$1,960**

LIABILITIES AND FUND BALANCE

Liabilities:	
Salaries and Accounts Payable	$ 207
Fund Balance:	
Reserved for Encumbrances	$ 608
Unreserved:	
Restricted for Appropriation Carryover	1,145
Total Fund Balance	**$1,753**
Total Liabilities and Fund Balance	**$1,960**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
GIFT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Gifts, Donations, Bequests	$1,755
Investment Income	86
Other	23
Gross Revenue	$1,864
Less Revenue Refunds	14
Net Revenue	$1,850
Other Financing Sources:	
Operating Transfers from Other Funds	$ 50
Cancellation of Prior Years Encumbrances	160
Total Other Financing Sources	$ 210
Total Sources	$2,060
Expenditures and Encumbrances:	
Current:	
Personal Services	$ 334
Purchased Services	620
Materials and Supplies	110
Grants and Subsidies	186
Redistributed Costs	19
Capital Outlay:	
Equipment	159
Real Property	492
Total Expenditures and Encumbrances	$1,920
Other Financing Uses:	
Operating Transfers to Other Funds	$ 80
Other	5
Total Uses	$2,005
Net Change in Unreserved Fund Balance for the Year	$ 55
Changes in Reserved Fund Balances:	
Cancellation of Prior Years Encumbrances	$ (160)
Prior Years Encumbrances Expended During Year	(290)
Current Year Encumbrances	588
Net Change in Reserved Fund Balance for the Year	$ 138
Total Changes in Fund Balance for the Year	$ 193
Fund Balance, July 1, 1979, as Previously Reported	$1,443
Prior Period Adjustment (1)	117
Fund Balance, July 1, 1979, as Restated	$1,560
Fund Balance, June 30, 1980	$1,753

The footnotes are an integral part of the financial statements.

Gift Fund Footnotes
(000's Omitted)

1. The Prior Period Adjustment represents a reclassification of $117 Accounts Payable to Reserve for Encumbrances as of June 30, 1979, based on an analysis of disbursements.

STATE OF MINNESOTA

GIFT FUND
STATEMENT OF REVENUES AND TRANSFERS FROM OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Gifts, Donations, Bequests	$1,755
Investment Income	86
Other	23
Gross Revenue	$1,864
Less Revenue Refunds	14
Net Revenue	$1,850
Operating Transfers from Other Funds:	
General Fund	$ 5
Agency Fund	45
Total Transfers from Other Funds	$ 50
Total Revenues and Transfers from Other Funds	$1,900

The footnotes are an integral part of the financial statements.

GIFT FUND
STATEMENT OF EXPENDITURES, ENCUMBRANCES AND TRANSFERS TO OTHER FUNDS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

	Expenditures	Encumbrances	Expenditures and Encumbrances (Transfers)
Expenditures and Encumbrances:			
Salaries	$ 286	$ 2	$ 288
Retirement Contributions	33		33
Insurance Benefits	13		13
Total Personal Services	$ 332	$ 2	$ 334
Purchased Services	$ 424	$196	$ 620
Materials and Supplies	88	22	110
Grants and Subsidies:			
Individuals	8	1	9
Counties	6	8	14
School Districts	65	2	67
Private Organizations	20	55	75
Other	7	14	21
Total Grants and Subsidies	$ 106	$ 80	$ 186
Redistributed Costs	$ 19	$	$ 19
Capital Outlay:			
Equipment	120	39	159
Real Property	242	250	492
Total Expenditures and Encumbrances	$1,331	$589	$1,920
Operating Transfers to Other Funds:			
General Fund	$ 80	N/A	$ 80
Total Expenditures, Encumbrances and Transfers to Other Funds	$1,411	$589	$2,000

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
GENERAL PROJECT FUND (1)
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS	
Cash	$6,199
Total Assets	**$6,199**
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	$ 302
Contract Retainage Payable	170
Total Liabilities	**$ 472**
Fund Balance:	
Reserved for Capital Projects (2)	$5,727
Total Liabilities and Fund Balance	**$6,199**

The footnotes are an integral part of the financial statements.

GENERAL PROJECT FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Sources:	
Transfers from Other Funds:	
General Fund	$ 255
Game and Fish Fund	10
Trunk Highway Fund	237
Prior Year Transfer	159
Total Sources	**$ 661**
Expenditures:	
Current:	
Personal Services	$ 94
Purchased Services	471
Materials and Supplies	105
Grants and Subsidies	1,170
Capital Outlay:	
Equipment	349
Real Property	2,470
Total Expenditures	**$4,659**
Other Financing Uses:	
Transfers to Other Funds:	
General Fund	$ 410
State Airport Fund	252
Total Transfers to Other Funds	**$ 662**
Total Uses	**$ 5,321**
Total Changes in Reserve for Capital Project	**$ (4,660)**
Fund Balance, July 1, 1979 as Previously Reported	**$11,196**
Prior Year Adjustment (3)	(809)
Fund Balance, July 1, 1979 as Restated	**$10,387**
Fund Balance, June 30	**$ 5,727**

The footnotes are an integral part of the financial statements.

General Project Fund Footnotes
(000's Omitted)

1. The General Project Fund is presented on the accrual basis of accounting to properly recognize accounts payable, contracts payable and retainage payable on contracts.

2. Reserved for Capital Projects includes $3,030 long-term construction contracts.

3. Prior period adjustments reflect the impact that the above mentioned accrual items have on the beginning of the year fund balance.

STATE OF MINNESOTA
TRANSPORTATION FUND
BALANCE SHEET (1)
JUNE 30, 1980
(000's Omitted)

ASSETS	
Cash	$21,640
Total Assets	$21,640
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	$ 23
Contracts Payable	453
Contract Retainage Payable	77
Due to Other Funds	112
Total Liabilities	$ 665
Fund Balance:	
Reserved Fund Balance:	
Reserved for Encumbrances	$ 2,395
Unreserved Fund Balance:	
Restricted for Appropriation Carryover	18,580
Total Fund Balance	$20,975
Total Liabilities and Fund Balance	$21,640

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenue:	
Federal Aid Reimbursements	$ 2,713
General Obligation Bonds	13,000
Other	6
Total Revenues	**$15,719**
Other Financing Sources:	
Cancellation of Prior Years Encumbrances	$ 290
Adjustment to Prior Years Federal Aid Receivable	(1,901)
Total Other Financing Sources	**$ (1,611)**
Total Sources	**$14,108**
Expenditures and Encumbrances:	
Current:	
Grants and Subsidies	$11,853
Capital Outlay – Real Property	264
Total Expenditures	**$12,117**
Net Change in Unreserved Fund Balance	**$ 1,991**
Changes in Reserved Fund Balance:	
Cancellation of Prior Years Encumbrances	$ (290)
Prior Year Encumbrances Expended During Year	(6,725)
Current Year Encumbrances	982
Net Change in Reserved Fund Balance	**$ (6,033)**
Total Changes in Fund Balance	**(4,042)**
Fund Balance, July 1, 1979 as Previously Reported	**$21,980**
Prior Period Adjustment (2)	3,037
Fund Balance, July 1, 1979 as Restated	**$25,017**
Fund Balance, June 30, 1980	**$20,975**

The footnotes are an integral part of the financial statements.

Transportation Fund Footnotes
(000's Omitted)

1. Bonds authorized and unissued as of June 30, 1980 were $39,000.

2. The Prior Period Adjustment reflects a reclassification of $3,037 Accounts Payable to Reserve for Encumbrances as of June 30, 1979, based on an analysis of disbursements.

STATE OF MINNESOTA
BUILDING FUND (1)
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS AND RESOURCES

Cash	$ 601
Investments (1980 market value $27,697)	26,754
Accrued Investment Income (2)	943
Bonds Authorized and Unissued (3)	127,749
Total Assets and Resources	**$156,047**

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	$ 5,750
Contract Retainage Payable	4,023
Land Purchase Contracts Payable	428
Payable to Other Funds	4,134
Total Liabilities	**$ 14,335**
Deferred Revenue	$ 422
Fund Balance:	
Reserved Fund Balance:	
Reserved for Capital Projects (4)	$ 13,541
Reserved for Bonds Authorized and Unissued	127,749
Total Reserved Fund Balance	**$141,290**
Total Liabilities, Deferred Revenue, and Fund Balance	**$156,047**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Investment Income (2)	$ 4,962
Total Revenues	**$ 4,962**
Other Sources:	
General Obligation Bonds	$ 80,800
Transfers from General Fund	806
Total Sources	**$ 86,568**
Expenditures:	
Current:	
Personal Services	$ 1,272
Purchased Services	3,414
Materials and Supplies	607
Grants and Subsidies	61,168
Capital Outlay:	
Equipment	168
Real Property	62,235
Total Expenditures	**$128,864**
Other Uses:	
Transfers to Debt Service Fund	$ 4,994
Total Uses	**$133,858**
Total Change in Reserved for Capital Projects	**$ (47,290)**
Change in Reserved for Bonds Authorized and Unissued:	
Bonds Authorized During Year	$ 48,565
Bonds Sold During Year	(80,800)
Net Change in Reserved for Bonds Authorized and Unissued	**$ (32,235)**
Total Changes in Reserved Fund Balance	**$ (79,525)**
Fund Balance, July 1, 1979 as Previously Reported	**$226,493**
Prior Period Adjustments (5)	(5,678)
Fund Balance, July 1, 1979 as Restated	**$220,815**
Fund Balance, June 30, 1980	**$141,290**

The footnotes are an integral part of the financial statements.

BUILDING FUND
SCHEDULE OF CHANGES IN BONDS AUTHORIZED AND UNISSUED
YEAR ENDED JUNE 30, 1980
(000's Omitted)

	Bonds Authorized and Unissued July 1, 1979	1980 Authorization	Issued	Bonds Authorized and Unissued June 30, 1980
Laws of Minnesota 1977 Chapter 421	$ 7,500	$	$ 7,500	$
Laws of Minnesota 1978 Chapter 792	73,695		33,300	40,395
Laws of Minnesota 1979 Chapter 300	3,275	500		3,775
Laws of Minnesota 1979 Chapter 338	75,514			75,514
Laws of Minnesota 1979 Chapter 301		48,065	40,000	8,065
Totals	**$159,984**	**$48,565**	**$80,800**	**$127,749**

The footnotes are an integral part of the financial statements.

Building Fund Footnotes
(000's Omitted)

1. The Building Fund is presented on the accrual basis of accounting to properly recognize accounts payable, contracts payable on land (Department of Natural Resources) and retainage payable on contracts.

2. Investment income is recognized and accrued in the Building Fund and transferred to the Debt Service Fund rather than shown as a direct credit to the Debt Service Fund as done in previous years.

3. Bonds authorized and unissued are not recognized as a financing source until sold.

4. Reserved for Capital Projects includes $104,788 in long-term construction contracts.

5. Prior period adjustments reflect the impact that the above mentioned accrual items have on the beginning of the year fund balance.

STATE OF MINNESOTA
BOND PROCEEDS FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS AND RESOURCES	
Cash	$ 492
Investments (1980 market value of $16,371)	15,911
Accrued Investment Income (1)	460
Bonds Authorized and Unissued (2)	79,000
Total Assets and Resources	**$95,863**

LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	$ 378
Due to Debt Service Fund	951
Total Liabilities	**$ 1,329**
Fund Balance:	
Reserved Fund Balance:	
Reserved for Bonds Authorized and Unissued	$79,000
Reserved for Capital Projects (3)	15,534
Total Reserved Fund Balance	**$94,534**
Total Liabilities and Fund Balance	**$95,863**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

BOND PROCEEDS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Investment Income (1)	$ 1,108
Total Revenues	**$ 1,108**
Other Financing Sources:	
General Obligation Bonds	$15,000
Total Sources	**$16,108**
Expenditures:	
Current:	
Purchased Services	$ 3
Pollution Control Grants	8,101
Capital Outlay:	
Real Property	18
Total Expenditures	**$ 8,122**
Other Financing Uses:	
Transfer of Investment Income to Debt Service Fund	$ 1,107
Total Uses	**$ 9,229**
Net Change in Reserved for Capital Projects	**$ 6,879**
Changes in Reserved Fund Balance:	
Change in Bonds Authorized and Unissued	$ 5,000
Total Changes in Reserved Fund Balance	**$11,879**
Fund Balance, July 1, 1979	**82,655**
Fund Balance, June 30, 1980	**$94,534**

The footnotes are an integral part of the financial statements.

Bond Proceeds Fund Footnotes

1. Investment income is recognized in this fund and transferred to the Debt Service Fund rather than shown as a direct credit to the Debt Service Fund as was done previously.

2. Bonds authorized and unissued are not recognized as revenue until sold.

3. The total reserved fund balance includes reserve for grants to municipalities for construction of waste treatment facilities of $30,836,972.

STATE OF MINNESOTA

BOND PROCEEDS FUND
SCHEDULE OF CHANGES IN BONDS AUTHORIZED AND UNISSUED
YEAR ENDED JUNE 30, 1980
(000's Omitted)

	Bonds Authorized and Unissued July 1, 1979	1980 Authorization	Issued	Bonds Authorized and Unissued June 30, 1980
Legal Citation				
Laws of Minnesota 1971 Chapter 856	$20,000	$	$	$20,000
Laws of Minnesota 1975 Chapter 354	14,000		14,000	
Laws of Minnesota 1977 Chapter 418	40,000		1,000	39,000
Laws of Minnesota 1979 Chapter 285		20,000		20,000
Totals	**$74,000**	**$20,000**	**$15,000**	**$79,000**

The footnotes are an integral part of the financial statements.

DEBT SERVICE FUND (1)
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS	
Cash	$ (8)
Cash with Fiscal Agent	218
Investments (1980 market value $115,513)	112,371
Accrued Investment Income	3,142
Due from Other Funds (2)	5,312
Total Assets	**$121,035**
LIABILITIES AND FUND BALANCE	
Liabilities:	
Unredeemed Bonds and Coupons	$ 218
Payable to Other Funds	1,089
Deposits Held for Proprietary Funds (3)	7,703
Total Liabilities	**$ 9,010**
Fund Balance:	
Unreserved:	
Restricted for Debt Service	$112,025
Total Liabilities and Fund Balance	**$121,035**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Investment Income	$ 6,670
Premium on Bonds Sold	562
Agency Deposits	123
Other Income	218
Total Revenues	$ 7,573
Other Financing Sources:	
Operating Transfers from:	
General Fund	$ 88,173
Special Revenue Fund	203
State Airports Fund	465
Trunk Highway Fund	10,763
Employment Services Fund	232
Building Fund	4,993
Bond Proceeds Fund	1,107
Total Operating Transfers	$105,936
Total Sources	$113,509
Expenditures:	
Current:	
Purchased Services	$ 72
Debt Service:	
Debt Redemption	61,842
Interest on Debt	36,666
Total Expenditures	$ 98,580
Other Financing Uses:	
Investment Income Allocated to Proprietary Fund Deposits	$ 392
Total Uses	$ 98,972
Net Change in Unreserved Fund Balance for the Year	$ 14,537
Fund Balance, July 1, 1979, as Previously Reported	$104,183
Prior Period Adjustment (4)	(6,695)
Fund Balance, July 1, 1979, as Restated	$ 97,488
Fund Balance, June 30, 1980	$112,025

The footnotes are an integral part of the financial statements.

Debt Service Fund Footnotes
(000's Omitted)

1. In fiscal year 1980, the Department of Finance made sufficient transfers from the General Fund, State Airports Fund, Trunk Highway Fund and Maximum Effort School Loan Fund to the Debt Service Fund to cover all interest due and to become due through July 1, 1981. Although the transfer was not made by the Employment Services Administration Fund, a federal fund, the inter-fund payable and receivable and the corresponding effects on fund balances have been recognized in the 1980 statements.

2. Investment income of the Building and the Bond Proceeds Funds is recognized and accrued in these funds rather than shown as a direct credit to the Debt Service Fund as done in previous years. The due from other funds represents the investment income not transferred as of June 30, 1980, and the receivable from the Employment Services Administration Fund as discussed above.

3. Deposits held for proprietary funds are shown separately from fund balance. In previous years, these deposits were included with the fund balance restricted for debt service.

4. Prior period adjustments reflect the impact that the accounting changes discussed in footnotes (2) and (3) have on the beginning fund balance.

The **AGENCY FUND** holds monies in trust for various governmental units, individuals or funds.

The **MUNICIPAL STATE AID STREET FUND** receives 9 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to municipalities for improvement of streets.

The **COUNTY STATE AID HIGHWAY FUND** receives 29 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to counties for improvement of county roads.

The **ENDOWMENT SCHOOL FUND** receives revenue from interest and dividends on investments of the Permanent School Fund and distributes it to school districts.

The **ENDOWMENT FUND** receives revenue from gifts for which only the earnings are available for use.

The **PERMANENT SCHOOL FUND** is a constitutionally established trust fund which receives revenue from investments and from sale of state land and timber. The investment earnings are transferred to the Endowment School Fund for distribution to school districts.

The **NORTHEAST MINNESOTA ECONOMIC PROTECTION FUND** receives distributions from taconite production taxes to be held in trust until the year 2002 for the purpose of rehabilitation and diversification of industry in an area largely dependent on a single industry.

The **INVESTMENT BOARD ADMINISTERED FUNDS** are created to permit individuals and retirement associations to deposit monies for various investment alternatives as authorized by law.

These funds are: the **Minnesota Supplemental Retirement Fund** (includes the income share account, growth share account and fixed return account), the **Minnesota Variable Annuity Fund** and the **Minnesota Post Retirement Fund.**

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STATE OF MINNESOTA

ALL AGENCY FUNDS (1)
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 1980
(000's Omitted)

	Balance July 1, 1979	Additions	Deductions	Balance June 30, 1980
DISBURSEMENT CLEARING FUND				
ASSETS				
Cash	$ 61,108	$6,115,135	$6,072,450	$103,793
Accounts Receivable		202		202
Due from Other Funds	13		13	
Total Assets	$ 61,121	$6,115,337	$6,072,463	$103,995
LIABILITIES				
Warrants Payable	$ 60,991	$6,114,924	$6,072,036	$103,879
Due to Other Funds	130	116	130	116
Total Liabilities	$ 61,121	$6,115,040	$6,072,166	$103,995
TAXES CLEARING FUND				
ASSETS				
Cash	$ 14,608	$ 329,295	$ 324,881	$ 19,022
Investments		14,761	14,761	
Accrued Investment Income		8	8	
Due from General Fund	17,489	18,690	17,489	18,690
Total Assets	$ 32,097	$ 362,754	$ 357,139	$ 37,712
LIABILITIES				
Due to Other Governmental Units:				
Federal Government	$ 30,014	$ 310,540	$ 304,728	$ 35,826
Counties	8	14,770	14,778	
Cities	725	3,102	3,044	783
Special Districts	448	3,063	3,238	273
Due to Other Funds	13	920	919	14
Funds Held in Trust	889	741	814	816
Total Liabilities	$ 32,097	$ 333,136	$ 327,521	$ 37,712
SOCIAL WELFARE FUND				
ASSETS				
Cash	$ 595	$ 9,869	$ 10,080	$ 384
Imprest Cash	202	11	1	212
Investments (1980 market value of $2,274)	1,760	2,836	2,402	2,194
Accrued Investment Income	92	195	207	80
Total Assets	$ 2,649	$ 12,911	$ 12,690	$ 2,870
LIABILITIES				
Due to Gift Fund	$ 14	$ 32	$ 30	$ 16
Funds Held in Trust	2,635	7,492	7,273	2,854
Total Liabilities	$ 2,649	$ 7,524	$ 7,303	$ 2,870
FEDERAL COUNTY ROAD AND BRIDGE FUND				
ASSETS				
Cash	$ 4,741	$ 49,005	$ 49,158	$ 4,588
Due from Other Governmental Units	2,349	1,115	817	2,647
Due from Other Funds		60	60	
Total Assets	$ 7,090	$ 50,180	$ 50,035	$ 7,235
LIABILITIES				
Due to Other Funds	$	$ 1,300	$	$ 1,300
Contracts Payable	386	166		552
Retainage Payable	542	415		957
Funds Held in Trust	6,162	48,239	49,975	4,426
Total Liabilities	$ 7,090	$ 50,120	$ 49,975	$ 7,235

STATE OF MINNESOTA
ALL AGENCY FUNDS (1)
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
YEAR ENDED JUNE 30, 1980
(000's Omitted)

	Balance July 1, 1979	Additions	Deductions	Balance June 30, 1980
WORKMENS COMPENSATION SPECIAL PAYMENT FUND (2)				
ASSETS				
Cash	$ 9,727	$ 36,094	$ 44,624	$ 1,197
Investments (1980 market value of $1,940)		26,418	24,574	1,844
Accrued Investment Income		497	401	96
Due from General Fund	1,158			1,158
Total Assets	**$ 10,885**	**$ 63,009**	**$ 69,599**	**$ 4,295**
LIABILITIES				
Due to Special Revenue Fund	$	$ 425	$ 258	$ 167
Funds Held in Trust	10,885	11,449	18,206	4,128
Total Liabilities	**$ 10,885**	**$ 11,874**	**$ 18,464**	**$ 4,295**
MISCELLANEOUS AGENCY FUND				
ASSETS				
Cash	$ 422	$ 17,282	$ 17,213	$ 491
Investments	191	863	1,054	
Accrued Investment Income	6	16	22	
Due from Other Funds	8	641	637	12
Due from Other Governmental Units	4	7	2	9
Total Assets	**$ 631**	**$ 18,809**	**$ 18,928**	**$ 512**
LIABILITIES				
Due to Other Funds	$	$ 4	$ 4	$
Funds Held in Trust	631	15,617	15,736	512
Total Liabilities	**$ 631**	**$ 15,621**	**$ 15,740**	**$ 512**
TOTAL AGENCY FUND				
ASSETS				
Cash	$ 91,201	$6,556,680	$6,518,406	$129,475
Imprest Cash	202	11	1	212
Investments (1980 market value of $4,214)	1,951	44,878	42,791	4,038
Accrued Investment Income	98	716	638	176
Accounts Receivable		202		202
Due from Other Funds	18,668	19,391	18,199	19,860
Due from Other Governmental Units	2,353	1,122	819	2,656
Total Assets	**$114,473**	**$6,623,000**	**$6,580,854**	**$156,619**
LIABILITIES				
Warrants Payable	$ 60,991	$6,114,924	$6,072,036	$103,879
Due to Other Governmental Units	31,195	331,475	325,788	36,882
Due to Other Funds	157	2,797	1,341	1,613
Contracts Payable	386	166		552
Retainage Payable	542	415		957
Funds Held in Trust	21,202	83,538	92,004	12,736
Total Liabilities	**$114,473**	**$6,533,315**	**$6,491,169**	**$156,619**

The footnotes are an integral part of the financial statements.

Agency Fund Footnotes
(000's Omitted)

1. The following accounting changes have been implemented:

   (a) The Disbursement Clearing Fund is reported within the Agency Fund's financial statements rather than as a separate fund.

   (b) Various material components of the Agency Fund, previously reported as one fund, have been reported as separate funds.

   (c) Contracts payable and retainage payable on contracts are recognized in the Federal County Road and Bridge Fund along with receivables from other governmental units.

   (d) The Omitted Property Tax appropriation has been reclassified to the Special Revenue Fund and a transfer of equity for change in reporting entity has been recognized as an adjustment to Beginning of the Year Funds Held in Trust. In addition a transfer of equity of $888 from the General Fund for mining advance royalties has been similarly recognized.

2. The Workmen's Compensation Special Payment Fund is recognized essentially on the cash basis with no provision for accruals which were not feasible to obtain.

STATE OF MINNESOTA
MUNICIPAL STATE AID – STREET FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS	
Cash	$ 49
Accrued Investment Income	2,155
Due from Other Funds	52
Advance to Agency Fund	1,300
Investments (1980 market value of $61,272) (1)	59,117
Total Assets	**$62,673**
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	$ 1,805
Due to Other Funds	69
Total Liabilities	**$ 1,874**
Fund Balance:	
Reserved Fund Balance:	
Reserved for Advance to Agency Fund	$ 1,300
Unreserved Fund Balance:	
Designated for Allocation to Municipalities	$59,456
Designated for Operations	43
Total Unreserved	**$59,499**
Total Fund Balance	**$60,799**
Total Liabilities and Fund Balance	**$62,673**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

MUNICIPAL STATE AID – STREET FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenue:	
Income from Investments	$ 5,922
Other Financing Sources:	
Operating Transfers from Highway Users Tax Distribution Fund	28,600
Total Sources	**$34,522**
Expenditures:	
Purchased Services	$ 95
Grants to Municipalities	31,613
Reimbursements to Other Funds	228
Total Expenditures	**$31,936**
Other Financing Uses:	
Advance to Agency Fund	$ 1,300
Total Uses	**$33,236**
Net Change in Unreserved Fund Balance	**$ 1,286**
Change in Reserved Fund Balance:	
Reserved for Advance to Agency Fund	$ 1,300
Total Changes in Fund Balance	**$ 2,586**
Fund Balance, July 1, 1979 as Previously Stated	**$53,362**
Prior Period Adjustment (2)	4,851
Fund Balance, July 1, 1979 as Restated	**$58,213**
Fund Balance, June 30, 1980	**$60,799**

The footnotes are an integral part of the financial statements.

Municipal State Aid – Street Fund Footnotes
(000's Omitted)

1. As of June 30, 1980, investments totaling $10,000 were loaned out to brokers, government bond dealers, or banks with $10,990 in securities held as collateral.

2. The Prior Period Adjustment reflects a reclassification of $4,851 of Accounts Payable to Designated for Allocation to Municipalities as of June 30, 1979, based on an analysis of disbursements.

STATE OF MINNESOTA
COUNTY STATE AID – HIGHWAY FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS	
Cash	$ 2
Accrued Investment Income	3,144
Due from Other Funds	169
Investments (1980 market value of $95,085) (1)	91,941
Total Assets	**$95,256**
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	$14,428
Due to Other Funds	257
Total Liabilities	**$14,685**
Fund Balance:	
Designated for Allocation to Counties	$80,467
Designated for Operations	104
Total Fund Balance	**$80,571**
Total Liabilities and Fund Balance	**$95,256**

The footnotes are an integral part of the financial statements.

COUNTY STATE AID – HIGHWAY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenue:	
Income from Investments	$ 9,541
Other Financing Sources:	
Operating Transfers from Highway Users Tax Distribution Fund	92,476
Total Sources	**$102,017**
Expenditures:	
Purchased Services	$ 334
Grants to Counties	101,794
Reimbursements to Other Funds	799
Total Expenditures	**$102,927**
Other Financing Uses:	
Adjustment to Prior Year Receivable	$ 8
Total Uses	**$102,935**
Net Change in Fund Balance	**$ (918)**
Fund Balance, July 1, 1979 as Previously Stated	$ 67,402
Prior Period Adjustment (2)	14,087
Fund Balance, July 1, 1979 as Restated	**$ 81,489**
Fund Balance, June 30, 1980	**$ 80,571**

The footnotes are an integral part of the financial statements.

County State Aid – Highway Fund Footnotes
(000's Omitted)

1. As of June 30, 1980, investments totaling $15,300 were loaned out to brokers, government bond dealers, or banks with $16,520 in securities held as collateral.

2. The Prior Period Adjustment reflects a reclassification of $14,087 Accounts Payable to Designated for Allocation to Counties as of June 30, 1979, based on analysis of disbursements.

STATE OF MINNESOTA
ENDOWMENT SCHOOL FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS	
Cash	$ --
Investments (1980 market value of $7,970)	7,759
Accrued Investment Income	161
Due from Other Funds	368
Total Assets	$8,293
FUND BALANCE	
Fund Balance	$8,293

The footnotes are an integral part of the financial statements.

ENDOWMENT SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Income from Investments	$ 729
Other Income	27
Total Revenues	$ 756
Other Financing Sources:	
Transfers from Permanent School Fund	$18,909
Total Sources	$19,665
Expenditures:	
Purchased Services	$ 1
Grants to School Districts	18,562
Total Expenditures	$18,563
Net Change in Fund Balance	$ 1,102
Fund Balance July 1, 1979, as Previously Reported	$ 7,235
Prior Period Adjustment	(44)
Fund Balance July 1, 1979, as Restated	$ 7,191
Fund Balance, June 30, 1980	$ 8,293

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
ENDOWMENT FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS	
Cash	$ 37
Accrued Investment Income	8
Investments (1980 market value of $290)	266
Total Assets	**$311**
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	$ 1
Fund Balance:	
Unreserved:	
Restricted for Appropriation Carryover	$310
Total Liabilities and Fund Balance	**$311**

The footnotes are an integral part of the financial statements.

ENDOWMENT FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Bequests	$ 3
Investment Income	22
Total Revenue	**$ 25**
Expenditures:	
Current:	
Materials and Supplies	$ 1
Grants and Subsidies:	
Individuals	6
Other	8
Total Grants and Subsidies	$ 15
Total Uses	**$ 15**
Net Change in Unreserved Fund Balance for the Year	**$ 10**
Fund Balance July 1, 1979 as Previously Reported	**$308**
Prior Period Adjustment	**(8)**
Fund Balance, July 1, 1979 as Restated	**$300**
Fund Balance, June 30, 1980	**$310**

The footnotes are an integral part of the financial statements.

Endowment Fund Footnotes

1. Prior period adjustment corrects overstatement of accrued investment income as of June 30, 1979.

STATE OF MINNESOTA
PERMANENT SCHOOL FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS	
Cash	$ 29
Investments (1980 market value of $252,868)	278,917
Accrued Investment Income	3,679
Due from Other Funds	1,181
Land Contracts Receivable (1)	1,512
Total Assets	**$285,318**
LIABILITIES AND FUND BALANCE	
Liabilities:	
Payable to Other Funds	$ 358
Fund Balance:	
Principal (2)	$306,354
Unamortized Investment Losses	(21,394)
Total Fund Balance	**$284,960**
Total Liabilities and Fund Balance	**$285,318**

The footnotes are an integral part of the financial statements.

PERMANENT SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Sale and Use of Land	$ 5,195
Investment Income	22,306
Gain on Sale of Investments	2,112
Other	3
Total Revenues	**$ 29,616**
Other Financing Sources:	
Transfers from Special Revenue Fund	$ 755
Total Sources	**$ 30,371**
Other Financing Uses:	
Transfers to Endowment School Fund	$ 18,909
Amortization of Investment Losses	3,397
Total Uses	**$ 22,306**
Net Change in Principal Fund Balance	**$ 8,065**
Change in Unamortized Investment Losses	3,397
Total Change in Fund Balance	**$ 11,462**
Fund Balance July 1, 1979, as Previously Stated	**$271,636**
Prior Period Adjustments (4)	1,364
Fund Balance July 1, 1979, as Restated	**$273,000**
Equity Transfer from Internal Improvement Land Fund (3)	498
Fund Balance, June 30, 1980	**$284,960**

The footnotes are an integral part of the financial statements.

Permanent School Fund Footnotes
(000's Omitted)

1. Land contracts receivable represents the unpaid principal balance of sales contracts for permanent school lands sold under the terms of Minn. Stat. Section 92.06. The unpaid principal is to be paid in yearly installments not to exceed 20 years with interest at a rate of four percent per annum on the unpaid principal.

2. The Permanent School Fund includes 2,520,897.55 acres of land. A material amount of this land may not be saleable due to its innate character and location. The appraised value of this land is unknown and its net realizable value was not reasonably estimated. Therefore, no provision for an asset was made in the financial statements of this fund.

3. Based on the Attorney General's opinion, dated June 24, 1980, the equity of the Internal Improvement Land Fund was transferred to the Permanent School Fund.

4. The prior period adjustment consists primarily of revenues generated during fiscal year 1979 for mining royalties and sales of forest products. Initially, these revenues had been placed in suspense accounts. Then, during fiscal year 1980, the revenues were moved to the Permanent School Fund constituting transfers of prior year revenues not recognized on the fiscal 1979 financial statements. The separate adjustments are:

1) Mining royalty revenues generated in prior fiscal years and transferred in from the Agency Fund	$ 477
2) Some of the revenues from the sale and use of forest products generated during fiscal year 1979 net of approximately $500,000 expended for state forest development authorized by Minn. Stat. Section 16A.125 and transferred in from the Special Revenue Fund	843
3) Miscellaneous adjustment in recognition and transfer of investment income from the Permanent School Fund to the Endowment School Fund	44
Total prior period adjustments	$1,364

STATE OF MINNESOTA
NORTHEAST MINNESOTA ECONOMIC PROTECTION FUND (1)
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS

Cash	$ 161
Investments (1980 market value of $17,991)	17,225
Accrued Investment Income	766
Due from Other Funds	1,562
Total Assets	$19,714
Fund Balance	$19,714

The footnotes are an integral part of the financial statements.

NORTHEAST MINNESOTA ECONOMIC PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenues:	
Income from Investments	$ 1,509
Other Financing Sources:	
Operating Transfer from General Fund for Taconite Production Taxes	8,964
Total Sources	$10,473
Fund Balance, July 1, 1979	9,241
Fund Balance, June 30, 1980	$19,714

The footnotes are an integral part of the financial statements.

Northeast Minnesota Economic Protection Fund Footnotes

1. This fund was previously reported as a material component of the Special Revenue Fund (see general footnote 2 for the transfer of equity for change in reporting entity).

MINNESOTA STATE BOARD OF INVESTMENTS ADMINISTERED FUNDS

SIGNIFICANT ACCOUNTING POLICIES

The following general notes apply to all financial statements presented herein for the five funds under management of the State Board. Specific notes can be found immediately after the financial statements of the fund they relate to.

The Minnesota Post Retirement Investment Fund, Minnesota Variable Annuity Investment Fund and the Minnesota Supplemental Retirement Investment Fund are managed by the State Board of Investment under authority of Minnesota Statutes 11A. The Supplemental Fund prepares separate financial statements for three investment vehicles which it is comprised of: Income Share, Growth Share and Fixed Return Accounts.

The Financial Statements presented for these funds are based on the preferred accounting practices described in the A.I.C.P.A. industry audit guide "Audit of Investment Companies." These practices and the significant accounting policies which follow are in conformity with generally accepted accounting principles.

Security Valuation: All securities are valued at market except for U.S. Government Short-Term Securities and Commercial Paper which are valued at market less accrued interest. Accrued short-term interest is recognized as income as part of "Short-Term Gain". For long-term fixed income securities the State Board uses the Merrill Lynch valuation system. This pricing service is capable of providing prices for both actively traded and privately placed bonds.

Recognition of Security Transactions: Security transactions are accounted for on the date the securities are purchased or sold.

Income Recognition: Dividend income is recorded on the ex-dividend date. Interest and dividend income is accrued monthly. Short-term interest is accrued at year end only and is presented as "Accrued Short-Term Gain".

Expenses: The cost of security transactions is part of the transaction price. Only miscellaneous investment expense is recorded for our reporting period. In the future miscellaneous expenses will not be recorded, rather will be paid by maintaining compensating balances. Investment research, audit, legal, payroll and other administrative expenses are paid by the State General Fund.

Loaning Securities: Certain U.S. Government and Government Agency securities are loaned out to banks and brokers for additional income of 0.5%. Collateral in the amount of 105% of the market value of the security loaned is required.

STATE OF MINNESOTA
MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
INCOME SHARE ACCOUNT
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1980
(000's Omitted)

ASSETS	
Investments (at market value) (1):	
Common Stock	$29,161
Fixed Income Securities	30,185
U.S. Government Securities (2)	8,817
Commercial Paper	1,975
Total Investments	**$70,138**
Cash with State Treasurer	$ 78
Accrued Interest	791
Accrued Dividends	206
Accrued Short-Term Gain	206
Total Assets	**$71,419**
LIABILITIES	
Participant Contribution Paid in Advance	$ 68
Security Purchases Payable	68
Total Liabilities	**$ 136**
Net Assets June 30, 1980	**$71,283**

The footnotes are an integral part of the financial statements.

MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
INCOME SHARE ACCOUNT
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

From Investment Activity:	
Net Investment Income	$ 5,500
Realized Gains (Losses)	2,561
Unrealized Gains (Losses)	(2,626)
Total Income	**$ 5,435**
Less Distribution to Participant Accounts	(5,435)
Net Change in Undistributed Income	**$ 0**
From Participation Transactions:	
Additions to Participation Accounts:	
Participant Contributions	$ 7,654
Income Distribution	5,435
Total Additions	**$13,089**
Deductions from Participation Accounts:	
Withdrawals	$ 406
Total Deductions	**$ 406**
Net Change in Participation Accounts	$12,683
Total Change in Net Assets	**$12,683**
Net Assets:	
July 1, 1979	**$58,600**
June 30, 1980	**$71,283**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
INCOME SHARE ACCOUNT
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Investment Income:	
Interest	$ 2,625
Dividends	1,905
Short-Term Gain	970
Net Investment Income	**$ 5,500**
Realized and Unrealized Gain (Loss) On Investments:	
Realized:	
Proceeds from Sales	$ 7,890
Cost Securities Sold	5,329
Net Realized Gain (Loss)	**$ 2,561**
Unrealized:	
July 1, 1979	$ 192
June 30, 1980	(2,434)
Increase (Decrease) in Unrealized Appreciation	**$ (2,626)**
Net Realized and Unrealized Gain (Loss) on Investments	**$ (65)**

The footnotes are an integral part of the financial statements.

MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
INCOME SHARE ACCOUNT
SCHEDULE OF PARTICIPATION
JUNE 30, 1980
(000's Omitted)

Participant	Number of Shares	Market Value
Albert Lea Firemen's Relief	122	$ 1,282
Apple Valley Firemen's Relief	1	8
Bloomington Fire Dept. Relief	208	2,188
Bloomington Police Relief	39	413
Fairmont Police Benefit	8	84
Faribault Police Benefit	17	176
Hennepin County Supplemental Retirement	317	3,328
Rochester Fire Department Relief	318	3,336
Rochester Police Pension Fund	329	3,454
St. Cloud Fire Department Relief	32	338
St. Louis Park Fire Department Relief	49	513
St. Louis Park Police Relief	3	33
St. Paul Fire Department – General	11	113
St. Paul Fire Department – Special	978	10,274
St. Paul Police Relief	1,319	13,851
MSRS Deferred Compensation	714	7,492
MSRS Unclassified Employees Escrow	628	6,593
South St. Paul Policemen's Relief	5	52
Teachers' Supplemtal Retirement	1,678	17,617
Winona Fire Department Relief	13	138
Total Shares	6,789	
Total Participation Value		**$71,283**

The footnotes are an integral part of the financial statements.

Minnesota Supplemental Retirement Fund
Income Share Account
Notes to Financial Statements
(000's Omitted)

1. The cost of Investments at June 30, 1980 was:

Common Stock	$28,005
Fixed Income Securities	33,799
U.S. Government Short-Term Securities	8,793
Commercial Paper	1,975
Total	$72,572

2. Loaned securities outstanding at June 30, 1980 was $1,500.

STATE OF MINNESOTA
MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
GROWTH SHARE ACCOUNT
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1980
(000's Omitted)

ASSETS

Investments (at market value) (1):	
Common Stock	$24,720
Commercial Paper	3,710
U.S. Government Short-Term Securities	2,110
Total Investments	$30,540
Cash with State Treasurer	$ 25
Accrued Dividends	90
Accrued Short-Term Gain	87
Total Assets	$30,742

LIABILITIES

Participants Contributions Paid in Advance	$ 17
Securities Purchases Payable	51
Total Liabilities	$ 68
Net Assets June 30, 1980	$30,674

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
GROWTH SHARE ACCOUNT
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

From Investment Activity:	
Net Investment Income	$ 1,470
Realized Gains (Losses)	987
Unrealized Gains (Losses)	1,268
Total Income	$ 3,725
Less Distribution to Participant Accounts	(3,725)
Net Change in Undistributed Income	$ 0
From Participation Transactions:	
Additions to Participation Accounts:	
Participant Contributions	$ 2,254
Income Distribution	3,725
Total Additions	$ 5,979
Deductions from Participation Accounts:	
Withdrawals	$ 59
Total Deductions	$ 59
Net Change in Participation Accounts	$ 5,920
Total Change in Net Assets	$ 5,920
Net Assets:	
July 1, 1979	$24,754
June 30, 1980	$30,674

The footnotes are an integral part of the financial statements.

MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
GROWTH SHARE ACCOUNT
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Investment Income:	
Dividends	$1,097
Short-Term Gain	373
Net Investment Income	$1,470
Realized and Unrealized Gains (Loss) On Investments:	
Realized:	
Proceeds from Sales	$5,439
Cost Securities Sold	4,452
Net Realized Gain (Loss)	$ 987
Unrealized:	
July 1, 1979	$ 337
June 30, 1980	1,605
Increase (Decrease) in Unrealized Appreciation	$1,268
Net Realized and Unrealized Gain (Loss) on Investment	$2,255

The footnotes are an integral part of the financial statements

STATE OF MINNESOTA
MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
GROWTH SHARE ACCOUNT
SCHEDULE OF PARTICIPATION
JUNE 30, 1980
(000's Omitted)

Participant	Number of Shares	Market Value
Apple Valley Firemen's Relief	1	$ 6
Bloomington Fire Department Relief	22	157
MSRS Deferred Compensation	820	5,887
Hennepin County Supplemental Retirement	627	4,503
St. Louis Park Fire	17	122
St. Paul Fire Department – General	3	20
St. Paul Fire Department – Special	316	2,267
St. Paul Police Relief	242	1,736
MSRS Unclassified Employees	385	2,760
Teachers' Supplemental Retirement	1,841	13,216
Total Shares	4,274	
Total Participation		$30,674

The footnotes are an integral part of the financial statements.

Minnesota Supplemental Retirement Investment Fund
Growth Share Account
Notes to Financial Statements
(000's Omitted)

1. The cost of investments at June 30, 1980 was:

Common Stock	$23,115
U.S. Government Short-Term Securities	2,110
Commercial Paper	3,710
Total	$28,935

MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
FIXED RETURN ACCOUNT
STATEMENT OF ASSETS AND LIABILITIES
(000's Omitted)

ASSETS	
Investments (at market value) (1):	
Fixed Income Securities	$15,813
U.S. Government Short-Term Securities	1,882
Commercial Paper	1,596
Total Investments	$19,291
Cash with State Treasurer	$ 1
Accrued Interest	534
Net Assets June 30, 1980	$19,826

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
FIXED RETURN ACCOUNT
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

From Investment Activity:	
Net Investment Income	$ 1,811
Realized Gains (Losses)	2
Unrealized Gains (Losses)	(1,396)
Total Income	$ 417
Less Distribution to Participant Accounts	(1,754)
Net Change in Undistributed Income	$(1,337)
From Participation Transactions:	
Additions to Participation Accounts:	
Participant Contributions	$ 4,929
Income Distribution	1,754
Total Additions	$ 6,683
Deductions from Participation Accounts:	
Withdrawals	$ 2,313
Total Deductions	$ 2,313
Net Change in Participation Accounts	$ 4,370
Total Change in Net Assets	$ 3,033
Net Assets:	
July 1, 1979, as Previously Reported	$17,547
Prior Period Adjustment (3)	(754)
July 1, 1979, as Restated	$16,793
June 30, 1980	$16,826

The footnotes are an integral part of the financial statements.

MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
FIXED RETURN ACCOUNT
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Investment Income:	
Income:	
Interest	$ 1,528
Short-Term Gain	283
Net Investment Income	$ 1,811
Realized and Unrealized Gain (Loss) on Investments:	
Realized:	
Proceeds from Sales	$ 152
Cost of Securities Sold	150
Net Realized Gain (Loss)	$ 2
Unrealized:	
July 1, 1979	$ (754)
June 30, 1980	(2,150)
Increase (Decrease) in Unrealized Appreciation	$(1,396)
Net Realized and Unrealized Gain (Loss) on Investments	$(1,394)

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
FIXED RETURN ACCOUNT
SCHEDULE OF PARTICIPATION
JUNE 30, 1980
(000's Omitted)

Participant	
Albert Lea Firemen's Relief	$ 61
Apple Valley Firemen's Relief	19
Chanhassen Fire Relief	12
Crookston Police Relief	96
MSRS Deferred Compensation	13,242
Hennepin County Supplemental Retirement	511
St. Paul Fire Department – Special	6,028
South St. Paul Police Relief	57
MSRS Unclassified Employees ESCROW	1,945
Total Participation (2)	$21,971
Undistributed Earnings	5
Unrealized Depreciation of Investments	(2,150)
Total Participation and Undistributed Earnings	$19,826

The footnotes are an integral part of the financial statements.

Minnesota Supplemental Retirement Investment Fund
Fixed Return Account
Notes to Financial Statements
(000's Omitted)

1. The cost of investments at June 30, 1980 was:

Fixed Income Securities	$17,962
U.S. Government Short Term Securities	1,883
Commercial Paper	1,596
Total	$21,441

2. Withdrawals from the fixed return account are paid out pursuant to Minnesota Statutes 11A.17 Subdivision 9, which states in part that: "The value of investment shares in the fixed-return investment account shall be $5 per share; provided, however, if the fixed-return investment account shares are redeemed by a public retirement fund where the shares are not attributable to the individual account of any person prior to the expiration of the multi-year period set by the board for the payment of the applicable assumed rate, the value of the investment shares shall be at market value. Terms as to withdrawal schedules will be agreed upon by the public retirement fund and the state board."

3. Due to the adoption of the preferred practices in the A.I.C.P.A. industry audit guide "Audit of Investment Company's" we have restated the net assets at June 30, 1979 in the amount of ($754). This was caused by the change in the value of investments from a cost to a market basis.

STATE OF MINNESOTA

MINNESOTA VARIABLE ANNUITY FUND
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1980
(000's Omitted)

ASSETS	
Investments (at market value) (1):	
Common Stock	$46,659
Fixed Income Securities	11,300
U.S. Government Short-Term Securities	4,856
Commercial Paper	4,073
Total Investments	**$66,888**
Accrued Interest	$ 275
Accrued Dividends	208
Accrued Short-Term Gain	89
Total Assets	**$67,460**
LIABILITIES	
Security Purchases Payable	$ 153
Total Liabilities	**$ 153**
Net Assets June 30, 1980	**$67,307**

The footnotes are an integral part of the financial statements.

MINNESOTA VARIABLE ANNUITY FUND
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

From Investment Activity:	
Net Investment Income	$ 3,844
Realized Gains (Losses)	2,384
Unrealized Gains (Losses)	828
Total Income	**$ 7,056**
Less Distribution to Participant Accounts	(4,375)
Net Change in Undistributed Income	**$ 2,681**
From Participation Transactions:	
Additions to Participation Accounts:	
Income Distribution	$ 4,375
Total Additions	**$ 4,375**
Deductions from Participation Accounts:	
Withdrawals	$ 632
Total Deductions	**$ 632**
Net Change in Participation Accounts	$ 3,743
Total Change in Net Assets	**$ 6,424**
Net Assets:	
July 1, 1979, as Previously Reported	**$60,016**
Prior Period Adjustment (3)	867
July 1, 1979, as Restated	**$60,883**
June 30, 1980	**$67,307**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

MINNESOTA VARIABLE ANNUITY FUND
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Investment Income:	
Income:	
Interest	$ 1,168
Dividends	2,131
Short-Term Gain	546
Total Income	$ 3,845
Expense:	
Investment Expense	$ 1
Total Expenses	$ 1
Net Investment Income	$ 3,844
Realized and Unrealized Gain (Loss) On Investments:	
Realized:	
Proceeds from Sales	$10,005
Cost of Securities Sold	7,621
Net Realized Gain (Loss)	$ 2,384
Unrealized:	
July 1, 1979	$ 67
June 30, 1980	895
Increase (Decrease) in Unrealized Appreciation	$ 828
Net Realized and Unrealized Gain (Loss) on Investments	$ 3,212

The footnotes are an integral part of the financial statements.

MINNESOTA VARIABLE ANNUITY FUND
SCHEDULE OF PARTICIPATION
JUNE 30, 1980
(000's Omitted)

Net Assets at June 30, 1980	$67,307
Admitted Value Increment (2)	(2,565)
	$64,742
Less: Unrealized Market Appreciation	895
Accrued Short-Term Gain	89
Total Participation	$63,758

The footnotes are an integral part of the financial statements.

Minnesota Variable Annuity Fund
Notes to Financial Statements
(000's Omitted)

1. The cost of Investments at June 30, 1980 was:

Common Stock	$43,567
Fixed Income Securities	13,497
U.S. Government Short-Term Securities	4,856
Commercial Paper	4,073
Total	**$65,993**

2. The Admitted Value Increment at June 30, 1980 was $2,565. This valuation is required by Minnesota Statutes 11A.19 subdivision 5 and is the amount by which the recognized value of investments is above or below the book value of investments. The admitted value is based on an average ratio of book value to market value of the securities calculated over a two year period. This calculation is used to determine the rate of return and the increase or decrease which shall be credited to the individual member's account balances at the end of the fiscal year.

3. Due to the adoption of the preferred practices in the AICPA industry audit guide "Audits of Investment Company's" we have restated the net assets at June 30, 1979 in the amount of $867. This was caused by:

Change in the value of investments from cost to market	$ 67
Elimination from financial statement presentation of the statutorily required Admitted Value Increment	786
Accrued Short-Term Gain	14
	$867

STATE OF MINNESOTA

MINNESOTA POST RETIREMENT INVESTMENT FUND
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1980
(000's Omitted)

ASSETS	
Investments (at market value) (1):	
Common Stock	$ 470,395
Fixed Income Securities	454,553
Convertible Debentures	937
U.S. Government Short-Term Securities	78,279
Commercial Paper	88,852
Total Investments	**$1,093,016**
Cash with State Treasurer	$ 2
Accrued Interest	9,868
Accrued Dividends	2,752
Accrued Short Term Gain	2,470
Total Assets	**$1,108,108**
LIABILITIES	
Security Purchases Payable	$ 4,913
Total Liabilities	**$ 4,913**
Net Assets June 30, 1980	**$1,103,195**

The footnotes are an integral part of the financial statements.

MINNESOTA POST RETIREMENT INVESTMENT FUND
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1980

From Investment Activity:	
Net Investment Income	$ 82,773
Realized Gains (Losses)	10,989
Unrealized Gains (Losses)	(14,491)
Total Income	**$ 79,271**
Less Distribution to Participation Accounts	(51,586)
Less Undistributed Dedicated Income	(31,213)
Net Change in Undistributed Income	**$ (3,528)**
From Participation Transactions:	
Additions to Participation Accounts:	
Participant Contributions	$ 149,591
Income Distribution	51,586
Income to be Distributed January 1, 1981	31,213
Total Additions	**$ 232,390**
Deductions from Participation Accounts:	
Withdrawals	$ 88,839
Total Deductions	**$ 88,839**
Net Change in Net Assets	$ 143,551
Total Change in Net Assets	**$ 140,023**
Net Assets:	
July 1, 1979, as Previously Reported	**$ 974,879**
Prior Period Adjustment (9)	(11,707)
July 1, 1979, as Restated	**$ 963,172**
June 30, 1980	**$1,103,195**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

MINNESOTA POST RETIREMENT INVESTMENT FUND
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Investment Income:	
Income:	
Interest	$ 41,611
Dividends	27,680
Short-Term Gain	13,486
Total Income	**$ 82,777**
Expenses:	
Investment Expense	$ 4
Net Investment Income	**$ 82,773**
Realized and Unrealized Gain (Loss) On Investments:	
Realized:	
Proceeds from Sales	$ 83,700
Cost Securities Sold	72,711
Net Realized Gain (Loss)	**$ 10,989**
Unrealized:	
July 1, 1979	$(14,112)
June 30, 1980	(28,603)
Increase (Decrease) in Unrealized Appreciation	**$(14,491)**
Net Realized and Unrealized Gain (Loss) on Investments	**$ (3,502)**

The footnotes are an integral part of the financial statements.

MINNESOTA POST RETIREMENT INVESTMENT FUND
SCHEDULE OF PARTICIPATION
JUNE 30, 1980
(000's Omitted)

Required Reserves (2):	
Teachers Retirement Fund	$ 419,241
Public Employees Retirement Fund	291,160
State Employees Retirement Fund	194,289
Minneapolis Municipal Employees Retirement	181,241
Public Employees Police and Fire Fund	29,877
Highway Patrolmen's Retirement Fund	14,217
Legislators and Survivors Retirement Fund	2,155
Judges Retirement Fund	3,624
Total Participation (4)	**$1,135,804**
Less Annuity Stabilization Reserve (5)(6)	**$ 35,219**
	$1,100,585
Unrealized Market (Depreciation) (7)	(28,603)
Undistributed Dedicated Income (8)	31,213
Net Assets at June 30, 1980	**$1,103,195**

The footnotes are an integral part of the financial statements.

Minnesota Post Retirement Investment Fund
Notes to Financial Statements
(000's Omitted)

1. The cost of investments at June 30, 1980 was:

Common Stock	$ 432,532
Fixed Income Securities	520,808
Convertible Securities	1,149
U.S. Government Short Term Securities	78,279
Commercial Paper	88,852
Total	**$1,121,620**

*Loaned securities outstanding at June 30, 1980 was $13,000.

2. The required reserves presented for June 30, 1980 includes the 5% actually assumed income distribution made pursuant to Minnesota Statutes 11A.18.

3. Mortality gains and losses are calculated after year end by each participants actuary. Transfers to or from the Post Retirement Investment Fund for June 30, 1980 mortality will be made late in the calendar year 1980. The amount of mortality gain or loss applicable to June 30, 1980 is not reasonably estimable and therefore no amount is included in these statements. It is not anticipated that the sum calculated for June 30, 1980 would have a material effect on these statements.

4. Total participation is equal to the actuarially determined required reserves. The remaining footnotes define the difference between participation and the net assets of the fund.

5. The annuity stabilization reserve is the difference between the actuarialy determined reserves required to support benefits in force and the book value of the assets of the fund. Pursuant to Minnesota Statutes 11A.18 Subdivision 9 Clause 2C, "The book value of assets on any given date shall be the cost of equity investments and the amortized cost of fixed income investments."

6. The Deferred Yield Adjustment account at June 30, 1980 was $5,528. This account is required by Minnesota Statutes 11A.18 Subdivision 5 and is the unamortized loss on the sale or disposition of debt securities. The account is increased by the loss on the sale of debt securities and decreased by the gain on the sale of such securities. At the end of each year a portion of the balance is offset against investment income for the year.

Deferred Yield Adjustment:	
Beginning Balance	$6,087
Net Realized (Gain) Loss	239
Amortization	(798)
Balance at June 30, 1980	**$5,528**

7. The unrealized market appreciation or (depreciation) is the difference between the cost and market value of investments.

8. Pursuant to Minnesota Statutes 11A.18 Subdivision 9 this is the portion of fiscal year 1980 income available for distribution as a benefit increase in January 1981. This amount shall be increased by 2.5% from Fiscal Year 1981 income and shall be stated as a percentage of total required reserves. The amount available shall be certified to each participating pension fund and shall be carried to five decimal places.

9. **Effect of Accounting and Reporting Changes**

Due to the adoption of the preferred practices in the A.I.C.P.A. industry audit guide "Audit of Investment Companies" we have restated the net assets at July 1, 1979, in the amount of ($11,707). The restatement is made up of the following components:

– The difference between the cost and market value of investments, July 1, 1979	$(14,112)
– Unrealized Market Appreciation (Admitted Value Increment)	8,492
– Deferred Yield Adjustment	(6,087)
	$(11,707)

Prior to this reporting period investments had been reported on a cost basis. The unrealized market appreciation (depreciation) is the amount by which the admitted value of equity securities exceeds the book value of such securities. The admitted value is determined by the average ratio of book value to market value of the securities, valued bimonthly over a two year period. This method is more fully described in Minnesota Statutes, 1978, Section 11.25, Subdivisions 4 to 8 inclusive. This method of valuation is no longer applicable. Minnesota Statutes 11A supersedes the citation above.

The Deferred Yield Adjustment account is a statutory account more fully described in footnote 6. This account is no longer included as a separate account for financial statement presentation.

STATE OF MINNESOTA

MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
INCOME SHARE ACCOUNT
SUMMARY OF INVESTMENTS IN STOCKS AND BONDS (1)
JUNE 30, 1980
(000's Omitted)

Bonds and Other Debt Certificates: (2)	
U.S. Government Obligations	$ 7,978
Canadian Government Obligations	4,300
Public Utilities	3,026
Finance Industry Corporations	5,550
Industrial Corporations	9,046
Transportation Industry Corporations	4,074
Total Bonds and Other Debt Certificates	**$33,974**
Common Stocks: (3)	
Public Utilities	$ 5,443
Finance Industry Corporations	2,610
Manufacturing Industry Corporations	10,049
Food Industry Corporations	1,809
Retailing Industry Corporations	949
Transportation Industry Corporations	287
Other Industries	8,013
Total Common Stocks	**$29,160**
Total Investments in Stocks and Bonds (1)	**$63,134**

The footnotes are an integral part of the financial statements.

MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
GROWTH SHARE ACCOUNT
SUMMARY OF INVESTMENTS IN COMMON STOCKS (1)
JUNE 30, 1980
(000's Omitted)

Common Stocks: (2)	
Public Utilities	$ 1,811
Finance Industry Corporations	1,644
Manufacturing Industry Corporations	11,747
Food Industry Corporations	1,005
Retailing Industry Corporations	955
Transportation Industry Corporations	166
Other Industries	7,392
Total Investments in Common Stocks (1)	**$24,720**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND
FIXED RETURN ACCOUNT
SUMMARY OF INVESTMENTS IN BONDS (1)
JUNE 30, 1980
(000's Omitted)

Bonds and Other Debt Certificates: (2)	
U.S. Government Obligations	$ 1,086
Canadian Government Obligations	3,650
Public Utilities	3,550
Finance Industry Corporations	1,842
Industrial Corporations	2,588
Transportation Industry Corporations	2,379
Total Investments in Bonds and Other Debt Certificates (1)	**$18,095**

The footnotes are an integral part of the financial statements.

MINNESOTA VARIABLE ANNUITY FUND
SUMMARY OF INVESTMENTS IN STOCKS AND BONDS (1)
JUNE 30, 1980
(000's Omitted)

Bonds and Other Debt Certificates: (2)	
U.S. Government Obligations	$ 1,777
Canadian Government Obligations	2,772
Public Utilities	3,000
Finance Industry Corporations	2,050
Industrial Corporations	2,615
Transportation Industry Corporations	1,383
Total Bond and Other Debt Certificates	**$13,597**
Common Stocks: (3)	
Public Utilities	$ 3,182
Public Industry Corporations	3,047
Manufacturing Industry Corporations	22,429
Food Industry Corporations	1,841
Retailing Industry Corporations	1,836
Transportation Industry Corporations	263
Other Industries	14,061
Total Common Stocks	**$46,659**
Total Investments in Stocks and Bonds (1)	**$60,256**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

MINNESOTA POST RETIREMENT INVESTMENT FUND
SUMMARY OF INVESTMENTS IN STOCKS AND BONDS (1)
JUNE 30, 1980
(000's Omitted)

Bonds and Other Debt Certificates: (2)	
U.S. Government Obligations	$141,375
Canadian Government Obligations	55,975
Public Utilities	69,951
Finance Industry Corporations	60,201
Industrial Corporations	143,364
Transportation Industry Corporations	57,627
Total Bonds and Other Debt Certificates	**$528,493**
Common Stocks: (3)	
Public Utilities	$ 82,370
Finance Industry Corporations	35,855
Manufacturing Industry Corporations	171,660
Food Industry Corporations	25,192
Retailing Industry Corporations	12,993
Transportation Industry Corporations	7,942
Other Industries	134,383
Total Common Stocks	**$470,395**
Total Investments in Stocks and Bonds (1)	**$998,888**

The footnotes are an integral part of the financial statements.

Minnesota State Investment Board Administered Funds
Notes to the Summaries of Investments

1. Securities held as cash equivalents are not scheduled. A detailed listing of the individual investments held by the State Board of Investment for this fund can be obtained by writing to:

   State Board of Investment
   Room 105, MEA Building
   55 Sherburne Avenue
   St. Paul, Minnesota 55155

2. Investments in bonds and other debt certificates are reported at face value.

3. Investments in common stocks are reported at market value as of June 30, 1980. Prices were taken from daily quotations published by the New York Stock Exchange (NYSE) and the American Stock Exchange (AMEX) for stocks traded on those exchanges. Prices for stocks traded on the over the counter (OTC) market were taken from the National Association of Security Dealers Quotations (NASDAQ) service.

RETIREMENT FUNDS
(Unaudited)

The following table summarizes the status of each of the major statewide retirement funds to which the state contributes. Other smaller statewide funds are the Judges Retirement Plan (208 members), Elective State Officers Plan (6 members) and Legislators Plan (201 members).

	Minnesota State Retirement System (MSRS)	Teachers Retirement Association (TRA)	Highway Patrolmen's Retirement Fund
Statutory Reference	Chapter 352	Chapter 354	Chapter 352B
Active Members	45,566	64,360	770
Annuitants	9,189	9,429	289
Statutory Contributions			
State	Coord.[2] 6%	Coord. 7%, Basic[3] 11%**	Basic 21%
Employee	4%	4.5% 8.5%	7%
Unfunded Accrued Liability (millions)[1]			
June 30, 1976	$177.4	$598.1	$21.3
June 30, 1977	163.6	640.6	21.8
June 30, 1978	186.8	792.4	22.4
June 30, 1979	184.6	1015.9	26.9
Funding Ratio			
June 30, 1976	62.3%	53.8%	54.9%
June 30, 1977	68.6	56.2	59.6
June 30, 1978	68.6	54.3	62.5
June 30, 1979	72.7	51.2	62.0

There are three first class city teachers retirement pension funds to which the state directly contributes:

	Minneapolis Teachers Retirement Fund Association	St. Paul Teachers Retirement Fund Association	Duluth Teachers Retirement Fund Association
Statutory Reference	Chapter 354A	Chapter 354A	Chapter 354A
Active Members	3,351	3,383	1,272
Annuitants	2,201	946	494
Statutory Contributions			
State	Basic[4] 11.79%**, Coord. 5.66%	Basic[4] 11.2294%**, Coord. 5.09%	Coord. 5.6148%**
Employee	Basic4 8.50% 4.50%	8.00% 4.50%	4.00%
Unfunded Accrued Liability (millions)[1]			
December 31, 1976	$103.9	$ 81.5	$6.4
December 31, 1977	161.4*(footnote 5)	91.5	6.8
December 31, 1978	175.1	108.2	7.7
December 31, 1979	196.1	116.0	8.1
Funding Ratio			
December 31, 1976	50.9%	40.1%	80.8%
December 31, 1977	42.4*	40.2	81.3
December 31, 1978	42.4	39.3	79.7
December 31, 1979	41.1	40.7	79.7

*Mistake in 1977 valuation, clarified in 1978 valuation.

**State contribution rate effective July 1, 1979 was increased pursuant to Laws 1979, Chapter 293 to following level:

TRA	Coord.	7.55%	DTRFA	Coord.	5.79%	St. PTRFA	Coord.	4.50%
	Basic	11.55%	MTRFA	Coord.	4.5%		Basic	12.63%
				Basic	13.35%			

[1]Recent actuarial reports for the Minnesota State Retirement System, the Highway Patrolmen's Retirement Fund and Duluth Teachers Retirement Fund Association state that the contributions to the fund required by law from employees and the state are adequate to provide the benefits that will be paid from the fund. The required contributions are intended to make these funds fully funded by 2009. For the Teachers Retirement Association of the state, the Teachers Retirement Fund Associations of Minneapolis and St. Paul, actuarial reports state that the support rate now provided by statute is inadequate to amortize unfunded accured liabilities by 2009 and should be increased.

[2]"Coord." refers to the coordinated program which includes social security coverage in addition to the pension fund coverage.

[3]"Basic" refers to the basic program which does not include social security coverage in addition to the pension plan coverage.

[4]The Minneapolis and St. Paul Teachers Retirement Fund Association "Basic" programs will no longer be offered to new employees after June 30, 1978, and all new employees after that date shall be covered by the respective "coordinated" program.

[5]A different valuation method for ancillary (non-retirement annuity) benefits was used for the Minneapolis Teachers Retirement Fund for the year ending December 31, 1977. Under the former valuation method the 1977 unfunded accrued liability is $127.5 million, and a FTE funding ratio is 47.8%.

STATE OF MINNESOTA
STATE EMPLOYEES RETIREMENT FUND (1)
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)
(Unaudited)

ASSETS

Cash in State Treasury	$ (3)
Short Term Investments (at Cost)	61,821
Accounts Receivable:	
a) Accrued Employee Contributions	855
b) Accrued Employer Contributions	1,357
c) Employee Buybacks	210
d) Due from Other Plans	57
e) Other	3
Accrued Interest on Investments	4,296
Dividends Declared and Payable, Not Yet Received	799
Investment in Debt Securities at Amortized Cost (6)	144,825
Investment in G.N.M.A.' at Amortized Cost (6)	20,936
Investment in Equities at Cost (6)	139,620
Equipment at Depreciated Cost	31
Deferred Yield Adjustment Account	3,528
Participation in the MPRI Fund (2)	205,104
Total Assets (10)	**$583,439**

LIABILITIES AND RESERVES

Liabilities:	
Accounts Payable:	
a) Security Purchases	$ 3,224
b) Annuities	2
c) Annuitant Deposits	6
d) Accrued Expenses	96
e) Overpaid Dividends	2
f) Transfer to Unclassified Retirement	162
g) Due MPRI Fund (7)	10,772
Suspense Item: Unredeemed 6 Year Old Warrants	9
Total Liabilities	**$ 14,273**
Reserves:	
Minnesota Post Retirement Investment Fund Reserve (2)	$205,105
Survivor Benefit Reserve	228
Employee Contribution Reserve	136,370
State Contribution Reserve	227,463
Total Reserves	**$569,166**
Total Liabilities and Reserves	**$583,439**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

STATE EMPLOYEES RETIREMENT FUND
STATEMENT OF REVENUES AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

Revenues:	
From Employees:	
Employee Contributions	$ 25,613
Employee Accrued Contributions Receivable	855
Employee Contributions, Accounts Receivable	53
From Employers:	
Employer Contributions	26,149
Employer Additional Contributions	14,612
Employer Accrued Contributions Receivable	1,357
From Investments:	
Interest on Short Term, Mortgages and Debt Securities	17,482
Dividends on Corporate Stock	8,232
Gain on Sale of Stock	5,452
Interest on Back Payments by Employees	151
From MPRI Fund Participation:	
Participation in MPRI Fund Income (3)	11,505
Other Revenues:	
Miscellaneous	11
General Fund Appropriations (5)	2,631
Total Revenues	**$114,103**
Expenditures:	
Benefits:	
Service Retirement Annuities (8)	$ 20,441
Disability Retirement Annuities	1,286
Survivor Benefits (spouses)	27
Lump Sum Annuity Payments (9)	1,330
Refundments (Employee Contributions):	
Left Service	6,409
Employee Deaths	376
Annuitant Deposits	75
Erroneous Deductions	37
Interest on Refunds	266
Unclassified Employee Retirement:	
Transfer of Employee Contributions	1,035
Transfer of Employer Contributions	1,406
Transfer of Interest	110
Operating Expenses:	
Administrative Expenses (See Schedule)	1,063
Loss on Disposition of Assets	2
Interest Expense on Mortality Adjustment	17
Miscellaneous	1
Total Expenditures	**$ 33,881**
Excess of Revenues Over Expenditures	**$ 80,222**
Income Adjustment (4)	**(2,398)**
Net Distribution to Reserves	**$ 77,824**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

STATE EMPLOYEES RETIREMENT FUND
SCHEDULE OF OPERATING EXPENSES
FISCAL YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

Operating Expenses:	
Salaries	$ 597
Employer MSRS Contributions	35
Employer FICA Contributions	34
Employer Insurance Contributions	35
Rents and Leases	36
Repairs	2
Printing, Binding, and Duplicating	24
Medical Expense – Disability Exams	17
Actuarial Service	60
Other Purchased Services	38
Data Processing	373
Postage, Inserting and Freight	32
Travel, Dept. Head, and Board Member Expense	10
Telephone	5
Utility Service	5
Subscriptions and Memberships	1
Office Supplies	9
Depreciation on Equipment	3
Investment Expense	1
Total Operating Expenses	**$1,317**
Expense Attributable to Other Plans:	
Highway Patrolmen's Fund	$ 32
Judges Retirement Fund	11
Legislators Retirement	9
Elected Officials	1
Deferred Compensation	160
Unclassified Employees	41
Total Distribution to Other Plans	**$ 254**
Balance Attributable to the SER Fund	**$1,063**

The footnotes are an integral part of the financial statements.

State Employees Retirement Fund Footnotes
(000's Omitted)
(Unaudited)

1. **Minnesota State Retirement System (MSRS)** – MSRS is a defined benefit, contributory retirement plan covering most state employees including correctional institution personnel. Benefits are determined by a formula using the high five-year average salary and years of service of each employee. Contributions to MSRS are set in statute and are based on yearly actuarial valuations and actuarial experience studies done every four years. The last completed experience study was as of June 30, 1979. The contributions provide funding for both normal and supplemental liability costs. The entry age normal method, a projected benefit cost method, is used to value the plan with contributions being made as a level percentage of covered employee salaries.

   For the year ended June 30, 1980, the state contributed $42 million to the plan and state employees contributed $27 million. These contributions included funding for the amortization of the supplemental liability by 2009.

   The actuarial valuation concluded as of June 30, 1979, indicated that the present value of earned benefits was $564.1 million which exce3ded applicable fund assets by $81.7 million. The unfunded supplemental liability of the retirement system, based on the present value of benefits for past and future service, was estimated to be $184.6 million at June 30, 1979.

Financing – To fund by 2009 (level percentage of covered employee salaries)

	General State Employees	Correctional Employees
Normal Cost	6.67%	10.38%
Amortization	1.86%	2.86%
Total	8.53%	13.24%

Financing – Actual Contributions (level percentage of covered employees salaries)

	General State Employees	Correctional Employees
Employee	4.00%	6.00%
Employer	6.00%	14.00%
Total	10.00%	20.00%

Metropolitan Transit Commission, Transit Operating Division (MTC/TOD) employees retirement coverage was transferred to the State Employee Retirement Plan effective July 1, 1978. Assets of the MTC/TOD sufficient to fully fund the annuities in force on June 30, 1978, were transferred to the Minnesota Adjustable Fixed Benefit Fund and the balance of assets were transferred to the State Employees Retirement Fund. The MTC/TOD is required to pay 3.8% of payroll to amortize additional unfunded liability caused by the transfer of coverage. The balance due as of June 30, 1980 is $5,125 which will be paid in about 4 years at current rates. Interest of 6% per annum is applied on the balance.

2. Participation in the Minnesota Post Retirement Investment Fund (MPRIF) and the Minnesota Post Retirement Investment Fund Reserve are equal to the greater of the retirement funds actual participation in the net assets of the MPRIF or the required reserves for retired lives. The retirement funds actual participation in the net assets of the MPRIF is $198,626 or $6,478 less than the required reserves. The deficiency is part of the MPRIF and is to be funded by earnings in excess of the 5% required.

3. The Participation in MPRI Fund Income does not include $5,546 which represents 75% of the retirement funds share of income earned in excess of the 5% required earnings. This unreported

income is to fund benefit increases effective January 1, 1981 and would have the effect of increasing the assets and reserves a like amount.

4. This adjustment represents that portion of the recognized MPRIF income applied to the deficiency in the MPRIF.

5. The general fund appropriation was for two lump sum annuity payments, one disbursed in FY 1980 and the other to be disbursed in FY 1981. Any appropriation balance after disbursement cancels to the General Fund.

6. Market Value of Investments as of June 30, 1980 was:

Equities	$153,176
Debt Securities (including G.N.M.A.)	144,365
Short Term Investments	62,908
Total	**$360,449**

7. Represents amount due MPRIF to fund the change from the 1951 group mortality tables to the group mortality tables as recommended by the actuary and approved by the Board of Directors net of the FY 1980 mortality gain of $140.

8. Additional benefits paid from the General Fund in FY 1980 were $69.

9. Lump sum bonus payment of $1,330 funded by the General Fund approximation (see Note 5).

10. See introductory table for unfunded liability.

STATE OF MINNESOTA
HIGHWAY PATROLMEN'S FUND (1)
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)
(Unaudited)

ASSETS

Cash	$ 3
Short Term Investments (6)	5,813
Accounts Receivable:	
a) Accrued Employee Contributions	40
b) Accrued Employer Contributions	119
Accrued Interest in Investments	457
Dividends Declared and Payable, Not Yet Received	50
Investment in Debt Securities at Amortized Cost (6)	14,869
Investment in Government National Mortgages at Amortized Cost (6)	1,146
Investment in Equities at Cost (6)	13,157
Deferred Yield Adjustment Account	129
Participation in the MPRI Fund (2)	16,238
Total Assets (9)	**$52,021**

LIABILITIES AND RESERVES

Liabilities:	
Accounts Payable:	
a) Due SER Fund	$ 32
b) Due MPRI Fund (7)	2,022
c) Security Purchases	346
Suspense Item: Unredeemed 6 Year Old Warrants	1
Total Liabilities	**$ 2,401**
Reserves:	
Minnesota Post Retirement Investment Fund Reserve (2)	$16,239
Disability Reserve	819
Survivor Benefit Reserve – Children	152
Employee Contribution Reserve	9,433
State Contribution Reserve	22,977
Total Reserves	**$49,620**
Total Liabilities and Reserves	**$52,021**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

HIGHWAY PATROLMEN'S FUND
STATEMENT OF REVENUES AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

Revenues:	
From Employees:	
Employee Contributions	$1,163
Employee Accrued Contributions	40
From Employers:	
Employer Contributions	1,994
Employer Additional Contributions	1,495
Employer Accrued Contributions	119
From Investments:	
Interest on Debt Securities, Mortgages and Short Term	1,748
Dividends on Corporate Stock	748
Gain on Sale of Stock	593
From MPRI Fund Participation:	
Participation in MPRIF Income (3)	906
Other:	
General Fund Appropriation (5)	118
Total Revenues	**$8,924**
Expenditures:	
Benefits:	
Service Retirement Annuities	$1,397
Disability Retirement Benefits	62
Survivor Benefits (Children)	32
Lump Sum Annuity Payments	62
Refunds:	
Left Service	54
Operating Expenses:	
Administrative Expenses	32
Interest Expense on Mortality Adjustment	16
Total Expenditures	**$1,655**
Excess of Revenues Over Expenditures	**$7,269**
Income Adjustment (4)	**(243)**
Net Distribution to Reserves	**$7,026**

The footnotes are an integral part of the financial statements.

Highway Patrolmen's Retirement Fund (HPRF) Footnotes
(000's Omitted)
(Unaudited)

1. **Highway Patrolmen's Retirement Fund (HPRF)** – HPRF is a defined benefit, contributory retirement plan covering Minnesota state troopers, conservation officers and crime bureau personnel. Benefits are determined by a formula using the high-five average monthly salary and years of service of each employee. Contributions to HPRF are set in statute and are based on yearly actuarial valuations and actuarial experience studies done every four years. The contributions provide funding for both normal and supplementary liability costs. The entry age normal cost method is used to value the plan with contributions being made as a level percentage of covered employee salaries.

   For the year ended June 30, 1980, the state contributed $3.6 million to the plan and state employees contributed $1.2 million.

2. Participation in the Minnesota Post Retirement Investment Fund (MPRIF) and the Minnesota Post Retirement Investment Fund Reserve are equal to the greater of the retirement funds actual participation in the net assets of the MPRIF or the required reserves for retired lives. The retirement funds actual participation in the net assets of the MPRIF is $15,600 or $639 less than the required reserves. The deficiency is part of the MPRIF and is to be funded by earnings in excess of the 5% required.

3. The Participation in MPRI Fund Income does not include $456 which represents 75% of the retirement funds share of income earned in excess of the 5% required earnings. This unreported income is to fund benefit increases effective January 1, 1981, and would have the effect of increasing the assets and reserves a like amount.

4. This adjustment represents that portion of the recognized MPRIF income applied to the deficiency in the MPRIF.

5. The General Fund appropriation was for two lump sum annuity payments, one disbursed in FY 1980 and the other to be disbursed in FY 1981. Any appropriation balance after disbursement cancels to the General Fund.

6. Market Value of Investments as of June 30, 1980 was:

Equities	$14,232
Debt Securities (including G.N.M.A.)	13,945
Short Term Investments	5,917
Total	**$34,094**

7. Represents amount due MPRIF to fund the change from the 1951 group mortality tables to the 1971 group mortality tables as recommended by the actuary and approved by the Board of Directors net of the FY 1980 mortality gain of $81.

8. Lump sum bonus payment of $61 funded by the General Fund appropriation (see Note 5).

9. See introductory table for unfunded liability.

STATE OF MINNESOTA
JUDGES RETIREMENT FUND (1)
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)
(Unaudited)

ASSETS

Cash	$ 6
Accounts Receivable – Accrued Employee Contributions	1
Short Term Investments (5)	554
Accrued Interest in Investments	59
Investments in Debt Securities at Amortized Cost (5)	2,190
Investments in Government National Mortgages at Amortized Cost (5)	256
Investments in Equities at Cost (5)	1,084
Dividends Declared and Payable But Not Yet Received	4
Deferred Yield Adjustment Account	(4)
Participation in the MPRI Fund (2)	3,760
Total Assets	**$7,910**

LIABILITIES AND RESERVES

Liabilities:	
Deferred Credits and County Reimbursement	$ 92
Accounts Payable:	
a) Due SER Fund	11
b) Due MPRI Fund (6)	136
c) Security Purchases	29
d) Due General Fund	1
Total Liabilities	**$ 269**
Reserves:	
Minnesota Post Retirement Investment Fund Reserve (2)	$3,760
Retirement Rserrve "Old Law" Judges	874
Retirement Reserve – Additional Judges and Survivor	5,974
Judges Contribution Reserve	1,868
State Contribution Reserve	(4,835)
Total Reserves	**$7,641**
Total Liabilities and Reserves	**$7,910**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

JUDGES RETIREMENT FUND
STATEMENT OF REVENUES AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

Revenues:	
From Judges:	
Judges Contributions	$ 416
From the State:	
Transfers from the State General Fund	1,083
From Investments:	
Interest on Short Term Investments	64
Interest from Debt Securities	186
Interest from Government National Mortgages	22
Dividends on Corporate Stock	54
Gain on Sale of Stock	8
Loss on Sale of Short Term Securities	(11)
Interest Earned on Mortality Adjustment	2
From MPRI Fund Participation:	
Participation in MPRI Fund Income (3)	186
Other:	
County Reimbursements	98
Prior Year Cancelled Annuity Warrants	7
Total Revenues	**$2,115**
Expenditures:	
Benefits Paid:	
Judges Plan:	
Retirement Annuities	$ 546
Survivors Benefits	50
Disabilities	17
Supreme and District Court Judges Plan	407
Survivors of Supr. and Dist. Court Judges Plan	188
Survivors of County Court Judges Plan	24
County Paid Judges Plan	107
Refunds Paid:	
Left Service	4
Erroneous Contributions	3
Other Expenses:	
Administrative Expenses	11
Total Expenditures	**$1,357**
Excess of Revenue Over Expenditures	$ 758
Income Adjustment (4)	(14)
Net Distribution to Reserves	$ 744

The footnotes are an integral part of the financial statements.

Judges Retirement Fund Footnotes
(000's Omitted)
(Unaudited)

1. **Judges Retirement Fund (JRF)** – JRF is a defined benefit retirement plan covering the judges in the State of Minnesota. Benefits are determined by a formula using the high-five year average salary and years of service of each judge. Contributions made to the fund by the judges are set in statute. State contributions to the fund are made on a "terminal funding" basis.

   For the year ended June 30, 1980, the state contributed $1.1 million to the plan and state judges contributed $415 thousand.

   The actuarial valuation concluded as of June 30, 1979, indicated that thepresent value of earned benefits was $28.3 million which exceeded applicable fund assets by $21.5 million. The unfunded supplemental liability of the JRF, based on the present value of benefits for past and future services, eas estimated to be $22.3 million at June 30, 1979. The unfunded supplemental liability of the JRF at June 30, 1980, had not been determined by publication date.

2. Participation in the Minnesota Post Retirement Investment Fund (MPRIF) and the Minnesota Post Retirement Investment Fund Reserve are equal to the greater of the retirement funds actual participation in the net assets of the MPRIF or the required reserves for retired lives. The retirement funds actual participation in the net assets of the MPRIF is $3,722 or $38 less than the required reserves. The deficiency is part of the MPRIF and is to be funded by earnings in excess of the 5% required.

3. The Participation in MPRI Fund Income does not include $95,456 which represents 75% of the retirement funds share of income earned in excess of the 5% required earnings. Thisunreported income is to fund benefit increases effective January 1, 1981, and would have the effect of increasing the assets and reserves a like amount.

4. This adjustment represents that portion of the recognized MPRIF income applied to the deficiency in the MPRIF.

5. Market Value of Investments as of June 30, 1980, was:

Equities	$1,172
Debt Securities (including G.N.M.A.)	2,149
Short Term Investments	562
Total	**$3,883**

6. Represents amount due MPRIF to fund the change from the 1951 group mortality tables to the 1971 group mortality tables as recommended by the actuary and approved by the Board of Directors, net of the FY 1980 mortality gain of $31.

7. Laws 1979, Chapter 196 transferred the assets and obligatios of the Survivors of County and Probate Court Judges Plan to the Judges Retirement Fund.

STATE OF MINNESOTA
UNCLASSIFIED EMPLOYEES RETIREMENT PLAN (1)
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)
(Unaudited)

ASSETS

Deposits in State Treasury	$ 4
Accrued Employee Contributions	79
Accrued Employer Contributions	87
Participation in Minnesota Supplemental Retirement Fund at Market:	
Income Account Shares	6,593
Growth Account Shares	2,761
Fixed Return Account	1,945
Total Assets	**$11,469**

LIABILITIES AND RESERVES

Liabilities:	
Accounts Payable	$ 4
Reserves:	
Income Account Shares	$ 6,593
Growth Account Shares	2,761
Fixed Return Account	1,945
Reserve for July 1 Investments	166
Total Reserves	**$11,465**
Total Liabilities and Reserves	**$11,469**

The footnotes are an integral part of the financial statements.

UNCLASSIFIED EMPLOYEES RETIREMENT PLAN
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

Receipts:	
Employee Contributions	$1,070
Employer Contributions	1,475
Interest on Contributions	110
Fixed Return Earnings	167
Appreciation in Share Values (2)	833
Total Receipts	**$3,655**
Disbursements:	
Market Value of Shares Withdrawn and Paid Out	$ 804
Uninvested Balances Paid Out	1
Earnings Paid on Fixed Return Withdrawals	5
Transfers to SER Fund	104
Administrative Charge	41
Total Disbursements	**$ 955**
Net Distribution to Reserves	**$2,700**

The footnotes are an integral part of the financial statements.

Unclassified Employees Retirement Plan Footnotes
(000's Omitted)
(Unaudited)

1. Certain employees in the unclassified state service who are eligible for coverage under the General Employees Retirement Plan participate in the Unclassified Employees Retirement Plan. Both the employee and employer contributions are used to purchase shares in the Supplemental Retirement Fund. They may elect coverage under the General Plan if they so desire.

2. This is the net increase for the fiscal year in the market value of income and growth shares held or purchased prior to June 30 of the fiscal years indicated.

3. Market Value of Shares held at June 30, 1980:

Income Account: 627,932 Shares	$ 6,593
Growth Account: 384,528 Shares	2,760
Fixed Return Account	1,945
Total Market Value	**$11,298**

STATE OF MINNESOTA
DEFERRED COMPENSATION PLAN (1)
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)
(Unaudited)

ASSETS	
Deposits in State Treasury	$ (64)
Accounts Receivable – Fixed Return Earnings	1,065
Short Term Investments	329
Participation in Minnesota Supplemental Retirement Fund (2):	
Income Account Shares	5,616
Growth Account Shares	4,522
Fixed Return Account	12,177
Total Assets	**$23,645**
LIABILITIES AND RESERVES	
Reserves:	
Reserve for Cost of Shares	$23,645
Total Liabilities and Reserves	**$23,645**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

DEFERRED COMPENSATION PLAN
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

Receipts:	
Member Contributions	$5,790
Interest on Short Term Investments	44
Fixed Return Receipts	1,065
Total Receipts	$6,899
Disbursements:	
Income Shares Withdrawn	$ 323
Growth Shares Withdrawn	164
Fixed Return Withdrawn	238
Salary Deductions Refunded - Erroneous	7
Interest Paid – Fixed Return Withdrawals	4
Administrative Expense	160
Total Disbursements	$ 896
Net Distribution to Reserves	$6,003

The footnotes are an integral part of the financial statements.

Deferred Compensation Plan Footnotes
(000's Omitted)
(Unaudited)

1. All public employees and officials in the State of Minnesota are eligible to participate in a Deferred Compensation Plan administered by the Minnesota State Retirement System. State employees have been eligible since 1972 while political subdivision employees first began participating in 1976. Under this plan, the individual may defer receiving a part of his salary until after retirement and thus also postpone the income tax liability on such deferred salary until after retirement. Another advantage is that investment of deferred salary is made before tax dollars are deducted.

   The deferred compensation is invested in the Income Share Account, Growth Share Account, or the Fixed Return Account of the Minnesota Supplemental Retirement Fund, or in various combinations of these accounts.

2. Market value of shares held at June 30, 1980:

Income Account: 713,651 Shares	$ 7,492
Growth Account: 820,218 Shares	5,887
Fixed Return Account	13,242
Total Market Value	$26,621

The **MAXIMUM EFFORT SCHOOL LOAN FUND** receives revenue from bonds and interest earnings from loans made to school districts for construction.

The **COMPUTER SERVICES FUND** bills agencies for computer services provided. The Information Systems Bureau within the Department of Administration administers this fund.

The **FEDERAL SURPLUS PROPERTY FUND** receives property from the federal government for sale to governmental agencies at minimal cost.

The **CENTRAL MOTOR POOL** activity is composed of three user supported funds which are:

- Central Motor Pool Fund accounts for a fleet of vehicles utilized by state agencies; which are billed to cover costs;
- The Commuter Van Fund provides commuter vans to state employees who are billed to recover costs;
- Central Delivery Services Fund provides a delivery service to state agencies within and around the capital complex.

The **MICROGRAPHICS INTERNAL SERVICE FUND** provides a microfilming and records retention service to state agencies and some local units of government. The Micrographics Division of the Department of Administration administers this fund on a self-supporting basis.

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STATE OF MINNESOTA
MAXIMUM EFFORT SCHOOL LOAN FUND (1),(4)
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS

Current Assets:	
Unrestricted:	
Cash	$ 812
Investments	3,677
Accrued Investment Income	184
Loans Receivable – Scheduled Payments	78
Accrued Interest Receivable on Loans – Net of Estimated Interest Defaults to Principal	194
Total Unrestricted Assets	**$ 4,945**
Restricted:	
Deposit with Debt Service Fund	$ 6,347
Total Current Assets	**$11,292**
Non-Current Assets:	
Loans Receivable	$37,214
Accrued Interest Receivable Estimated to be Capitalized to Loan Principal (2)	209
Total Non-Current Assets	**$37,423**
Total Assets	**$48,715**

LIABILITIES AND RETAINED EARNINGS

Liabilities:	
Current:	
Bonds Payable	$ 4,390
Accrued Interest Payable on Bonds	432
Total Current Liabilities	**$ 4,822**
Non-Current:	
Bonds Payable	$28,450
Total Liabilities	**$33,272**
Retained Earnings:	
Reserved for Debt Service	$ 1,526
Unreserved	13,917
Total Retained Earnings	**$15,443**
Total Liabilities and Retained Earnings	**$48,715**

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

MAXIMUM EFFORT SCHOOL LOAN FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Operating Revenue:		
Interest Earned on Loans	$ 1,140	
Investment Income	957	
Investment Income in Debt Service Fund	392	
Operating Revenue		$ 2,489
Operating Expenses:		
Interest Expense on Bonds	$ 1,561	
Selling Expense	2	
Operating Expenses		1,563
Operating Income		$ 926
Other Income		6
Net Income		$ 932
Retained Earnings July 1, 1979 as previously reported	$14,196	
Prior Period Adjustment (3)	315	
Retained Earnings, July 1, 1979 as restated		14,511
Retained Earnings, June 30, 1980		$15,443

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

MAXIMUM EFFORT SCHOOL LOAN FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Financial Resources Provided:			
Net Income		$ 932	
Other Sources of Working Capital:			
Bonds Issued		1,200	
Loan Repayment – Capital Loans		5,069	
Loan Repayment – Construction Loans		42	
Decrease in Non-Current Portion of Loans Receivable		2	
Decrease in Non-Current Portion of Accrued Interest Receivable		74	
Total Financial Resources Provided			$ 7,319
Financial Resources Applied:			
Capital Loans		$ (5,443)	
Debt Service Loans		(158)	
Interest Defaulted and Capitalized to Loan Principal (2)		(569)	
Decreases in Non-Current Portion of Bonds Payable		(4,390)	
Total Financial Resources Applied			(10,560)
Decrease in Working Capital			$ 3,241

	June 30, 1980	June 30, 1979	Increase (Decrease) in Working Capital
Composition of Working Capital:			
Current Assets:			
Unrestricted:			
Cash	$ 812	$ 394	$ 418
Investments	3,677	12,720	(9,043)
Accrued Investment Income	184	316	(132)
Loans Receivable – Scheduled Payments	78	76	2
Accrued Interest Receivable on Loans – Net of Estimated Interest Defaults to Principal	194	459	(265)
Restricted:			
Deposit with Debt Service Fund	6,347	3	6,344
Total Current Assets	$11,292	$13,968	
Current Liabilities:			
Bonds Payable	$ 4,390	$ 3,830	(560)
Accrued Interest Payable on Bonds	432	427	(5)
Total Current Liabilities	$ 4,822	$ 4,257	
Working Capital	$ 6,470	$ 9,711	
Decrease in Working Capital			$ (3,241)

The footnotes are an integral part of the financial statements.

Maximum Effort School Loan Fund Footnotes
(000's Omitted)

1. Bonds authorized and unissued as of June 30, 1980, are $21,025.

2. Minnesota Statutes 124.45 allows that interest defaults on loans can be capitalized to principal.

3. Prior period adjustment was made to beginning fund balance to properly accrue interest payable on bonds and interest receivable on loans in accordance with generally accepted accounting principles.

4. The Maximum Effort School Loan Fund did not have a sufficient balance in their loan repayment account on October 31, 1980, to make the required transfer to the Debt Service Fund to cover principal and interest to become due through July 1, 1981. Pursuant to Minnesota Statute 124.46, Subdivision 3, $2.1 million was advanced from the General Fund. This amount will be repaid to the General Fund from loan payments made by school districts and transfers from bond proceeds.

STATE OF MINNESOTA
COMPUTER SERVICES – INTERNAL SERVICE FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS		
Current Assets:		
Cash (6)	$3,937	
Accounts Receivable	2,868	
Total Current Assets		$6,805
Non-Current Assets:		
Fixed Assets (1)	$7,665	
Less Accumulated Depreciation	(5,564)	$2,101
Capital Leases (3)	$ 645	
Less Accumulated Amortization	(358)	287
Construction in Progress		212
Total Non-Current Assets		$2,600
Total Assets		$9,405
LIABILITIES, CONTRIBUTIONS AND RETAINED EARNINGS		
Current Liabilities:		
Accounts Payable	$ 401	
Contracts Payable: (3)		
Capital Leases	125	
Installment Purchases	1,946	
Salaries Payable	214	
Due to General Fund	2,238	
Total Current Liabilities		$4,924
Long Term Liabilities:		
Contracts Payable: (3)		
Capital Leases	$ 327	
Installment Purchases	1,465	
Total Long Term Liabilities		$1,792
Total Liabilities		$6,716
Contributions and Retained Earnings:		
Contributions from General Fund		$2,156
Retained Earnings		533
Total Contributions and Retained Earnings		$2,689
Total Liabilities, Contributions and Retained Earnings		$9,405

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

COMPUTER SERVICES – INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Operating Revenue: (1)		
Billings for Computer Services		$14,605
Operating Expenses: (1), (2)		
Salaries	$5,668	
Rent – Data Processing Equipment	2,663	
Rent – Floor Space	214	
Other Rent	9	
Data Processing	1,233	
Depreciation	1,743	
Amortization	215	
Maintenance Contracts and Repairs	781	
Printing	286	
Microfilming	202	
Education	51	
Purchased Services	78	
Utilities	217	
Travel	38	
Materials and Services	151	
Interest	342	
Indirect Costs	217	
General	33	
Total Operating Expenses		$14,141
Operating Income		$ 464
Non-Operating Income (Expense):		
Gain on Fixed Assets	$ 27	
Vendor Refund	42	
Loss on Transfer of Assets and Retirement of Due from Micrographics (5)	(201)	
Total Non-Operating Income (Expense)		$ (132)
Net Income		$ 332
Retained Earnings July 1, 1979		$ 4,345
Less: Residual Equity Transfer to General Fund (5)		(4,144)
Retained Earnings June 30, 1980		$ 533

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

COMPUTER SERVICES – INTERNAL SERVICE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Financial Resources Provided:		
Net Income	$ 331	
Add: Expenses Not Requiring Outlay of Working Capital:		
Depreciation	1,743	
Amortization	215	
Less: Credits Not Generating Working Capital:		
Gain on Fixed Assets	(26)	
Other Sources:		
Proceeds from Disposal of Fixed Assets	120	
Total Financial Resources Provided		$2,383
Financial Resources Applied:		
Purchase of Fixed Assets	$ 498	
Construction in Progress	212	
Retirement of Long Term Liabilities	2,117	
Increase in Due to General Fund	2,237	
Total Financial Resources Applied		$5,064
Decrease in Working Capital		$(2,681)

	June 30, 1980	June 30, 1979	Increase (Decrease) in Working Capital
Composition of Working Capital:			
Current Assets:			
Cash	$3,937	$4,281	$ (344)
Accounts Receivable	2,868	1,734	1,134
Advance to Micrographics		123	(123)
Total Current Assets	$6,805	$6,138	
Current Liabilities:			
Accounts Payable	$ 401	$ 540	$ 139
Contracts Payable – Current	2,071	863	(1,208)
Salaries Payable	213	172	(41)
Due to General Fund	2,238		(2,238)
Total Current Liabilities	$4,923	$1,575	
Working Capital	$1,882	$4,563	
Decrease in Working Capital			$(2,681)

The footnotes are an integral part of the financial statements.

Computer Services Fund Footnotes
(000's Omitted)

1. **Summary of Significant Accounting Policies**
The Computer Services Fund (I.S.B.) utilizes full accrual accounting except for certain expenses described in footnote number two.

Sales are reported with the point of sale being recognized at the billing date which is the last day of the month. No allowance is being made for doubtful accounts.

Expenses are based on data received from the Statewide Accounting System (S.W.A.). Also, the Department of Finance allocates indirect costs for general fund services to I.S.B. Those costs totaled approximately $217 for the fiscal year.

Fixed assets are recorded at historical costs less accumulated depreciation. Fixed assets are depreciated on a straight line basis by class of assets. The Internal Revenue Service class life asset depreciation range (A.D.R.) is used to determine useful life with the exception of computers and peripheral equipment which are depreciated over three years. Consistent with the class life A.D.R. system, no salvage value is used.

2. **Non-Accrued Expense**
Vacation and sick leave earned by employees is recognized as an expense when accumulated time is either taken by employees or an employee terminates.

Because I.S.B. is a service agency, as opposed to a manufacturing agency, supplies are expensed as purchased rather than as consumed.

3. **Leases and Contracts Payable**
I.S.B. leases an extensive amount of equipment. Several major leases contain bargain purchase options. Major leases represent over a third of all annual lease payments and have terms from three to seven years.

In October, 1978, I.S.B. entered into a lease with Itel Corporation for the lease of a Recognition Equipment, Inc. Input 80, Model C1 Scanner and related equipment. The lease is for a five year period with an option to purchase the equipment for $1.00 at the end of the lease. The following is a schedule by years of future minimum lease payments under capital leases together with present value of the net minimum lease payments as of June 30, 1980.

Year Ending June 30:	
1981	$151
1982	151
1983	151
1984	51
Total Minimum Lease Payments	$504
Less: Amount Representing Interest	52
Present Value of Net Minimum Lease Payments	$452

The following is an estimate by years of estimated future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 1980.

Year Ending June 30:	
1981	$2,452
1982	942
1983	2
Total Minimum Payments Required	***$3,396**

*Because maintenance is an integral part of any lease of data processing equipment, the maintenance cost is included.

I.S.B. has two long term contracts payable to Capital Funding Corporation for the installment purchase of central processing units, terminals and printers. The non-current portion of the contract for terminals and printers is $1,465. The contract for the CPU's was paid off in October of 1980, therefore, the entire amount of $1,450 is shown on the balance sheet as a current liability.

4. **Accumulated Retained Earnings**
A cost study done by auditors from the U.S. Department of Labor and the Department of Health, Education and Welfare (H.E.W.) recommends that I.S.B. refund all their retained earnings. Auditors from H.E.W. Audit Agency have audited the financial statements for fiscal years 1975 through 1978. The exact amount of I.S.B.'s refunds is uncertain, but is currently being negotiated between the State and H.E.W. Since I.S.B. has cancelled all its pre-1980 retained earnings to the general fund, the refund, if one is made, will probably be paid from the general fund.

5. **Legislation Affecting I.S.B.**
Minnesota Laws 1979, Chapter 333, Section 56, Subdivision 1 (a) established I.S.B.'s "Paid-In-Capital" at $2,156 effective July 1, 1979. As a result of this law, I.S.B. will cancel $2,238 to the general fund.

6. **Cash**
The cash balance of $3,937 includes $2,244 that has been collected from I.S.B. customers for payoff of capital leases and installment purchases.

STATE OF MINNESOTA
MICROGRAPHICS
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS		
Current Assets:		
Cash	$197	
Accounts Receivable	58	
Supplies	43	
Total Current Assets		$298
Non-Current Assets:		
Fixed Assets (2)	$113	
Less Accumulated Depreciation	(32)	
Total Non-Current Assets		$ 81
Total Assets		$379
LIABILITIES, CONTRIBUTIONS AND RETAINED EARNINGS		
Current Liabilities:		
Accounts Payable	$ 33	
Due to General Fund (3)	202	
Loan Payable (4)	2	
Total Current Liabilities		$237
Long Term Liabilities:		
Loan Payable (4)		$ 5
Total Liabilities		$242
Contributions and Retained Earnings:		
Contribution from General Fund		$111
Retained Earnings (3)		26
Total Contributions and Retained Earnings		$137
Total Liabilities, Contributions and Retained Earnings		$379

The footnotes are an integral part of the financial statements.

MICROGRAPHICS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Revenue: (1)		
Billings for Services		$408
Expenses: (1)		
Salary	$205	
Rent	32	
Equipment Maintenance	19	
Supplies and Materials (1)	65	
Printing	5	
Communications	2	
Travel	1	
Utilities	2	
Depreciation (2)	30	
Office Supplies	1	
Indirect Costs	20	
Total Operating Expenses		$382
Net Income from Operations		$ 26
Non Operating Income (Expenses):		
Appropriation for Fixed Assets and Retirement of Advance (3)		$201
Net Income		$227
Retained Earnings July 1, 1979	$ (37)	
Less: Residual Equity Transfer to General Fund (3)	(164)	(201)
Retained Earnings June 30, 1980		$ 26

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

MICROGRAPHICS
STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Financial Resources Provided:		
Net Income	$228	
Add: Expenses Not Requiring Outlay of Working Capital:		
Depreciation	30	
Other Sources:		
Working Capital Transferred In	148	
Loan for Equipment	7	
Total Financial Resources Provided		$413
Financial Resources Applied:		
Transfer to ISB for Fixed Assets	$ 78	
Purchase of Fixed Assets	14	
Decrease of Non-Current Portion of Loans	2	
Increase in Current Portion of Due to General Fund	202	
Total Financial Resources Applied		$296
Increase in Working Capital		$117

	June 30, 1980	June 30, 1979	Increase (Decrease) in Working Capital
Composition of Working Capital:			
Current Assets:			
Cash	$197	$ 30	$167
Accounts Receivable	58	34	24
Supplies	43	32	11
Total Current Assets	$298	$ 96	
Current Liabilities:			
Accounts Payable	$ 33	$ 30	$ (3)
Due to General Fund	202		(202)
Loan Payable – Current	2		(2)
Advance from Computer Services		122	122
Total Current Liabilities	$237	$152	
Working Capital	$ 61	$(56)	
Increase in Working Capital			$117

The footnotes are an integral part of the financial statements.

Micrographics Internal Service Fund Footnotes
(000's Omitted)

1. **Summary of Significant Accounting Policies**
   All significant expenses are recognized on an accrual basis. Expenses for supply items reflect consumption rather than the effect of fluctuations in inventory. All store room items are counted monthly and valued at costs by specific identification. Although a liability for employee vacation and sick leave exists, it has not been recognized on these statements. Other expenses are payments recorded in the statewide accounting system plus obligations incurred and unpaid at the statement date.

2. **Fixed Assets**
   With one exception, fixed assets carried on June 30, 1980, are depreciated on the straight line method over five years with no salvage value. The exception is the step and repeat camera which is depreciated on the straight line method over seven years with no salvage value.

3. **New Legislation Affecting Micrographics**
   Minnesota Laws 1979, Chapter 333, Section 56, Subdivision 1 (a) restricted Micrographics' Contribution from the General Fund to $111 effective July 1, 1979. To effect this change $148 was transferred to Micrographics' from the general fund. However, the correct transfer should have been $53 to the general fund. This results in the due to general fund liability of $202.

   Subdivision 3 of the same law appropriated money for Micrographics' to buy equipment valued at $78 (N.B.V.) from I.S.B. and to retire a "due to ISB" of $123. A total of $202.

4. **Long Term Liabilities**
   In fiscal year 1980, Micrographics' received an advance of $7 from the Department of Finance pursuant to M.S. 16A126. This advance was for the purchase of microfilming equipment and will be repaid to the general fund over five years.

STATE OF MINNESOTA
FEDERAL SURPLUS PROPERTY
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS

Current Assets:		
Cash	$ 30	
Accounts Receivable	33	
Travel Cash	1	
Total Current Assets		$ 64
Non-Current Assets: (2)		
Equipment, Furniture and Fixtures	$ 94	
Less Accumulated Depreciation	(87)	7
Building	218	
Less Accumulated Depreciation	(63)	155
Building Addition	114	
Less Accumulated Depreciation	(14)	100
Land		3
Land Improvements	27	
Less Accumulated Depreciation	(18)	9
Total Non-Current Assets		$274
Total Assets		$338

LIABILITIES, CONTRIBUTIONS AND RETAINED EARNINGS

Current Liabilities:		
Accounts Payable	$ 17	
Salaries Payable	7	
Total Current Liabilities		$ 24
Long-Term Liabilities		
General Fund Advance (3)		107
Total Liabilities		$131
Contributions and Retained Earnings:		
Contribution from General Fund		$ 25
Retained Earnings		182
Total Contributions and Retained Earnings		$207
Total Liabilities, Contributions and Retained Earnings		$338

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
FEDERAL SURPLUS PROPERTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Sales (1)		$344
Operating Expenses: (1) (2)		
Salaries and Fringe	$176	
Rents and Leases	37	
Repairs	6	
Liability Insurance	1	
Printing	1	
Professional and Technical Services	10	
Purchased Services	5	
Communications	5	
Travel Out-State	15	
Utility Service	6	
Freight and Express	3	
Supplies and Materials	45	
Depreciation Expense	12	
Indirect Costs	7	
Total Operating Expenses		$329
Net Income		$ 15
Retained Earnings, July 1, 1979		$167
Retained Earnings, June 30, 1980		$182

The footnotes are an integral part of the financial statements.

FEDERAL SURPLUS PROPERTY
STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Financial Resources Provided:		
Net Income	$14	
Add: Expenses Not Requiring Outlay of Working Capital:		
Depreciation	12	
Total Financial Resources Provided		$26
Increase in Working Capital		$26

	June 30, 1980	June 30, 1979	Increase (Decrease) in Working Capital
Composition of Working Capital:			
Current Assets:			
Cash	$30	$30	
Travel Cash	1	1	
Accounts Receivable	32	35	$ (3)
Total Current Assets	$63	$66	
Current Liabilities:			
Accounts Payable	$24	$53	$29
Total Current Liabilities	$24	$53	
Working Capital	$39	$13	
Increase in Working Capital			$26

The footnotes are an integral part of the financial statements.

Federal Surplus Property Footnotes
(000's Omitted)

1. Federal Surplus Property utilizes full accrual accounting except for vacation and sick leave. Vacation and sick leave earned by employees is recognized as an expense when accumulated time is either taken off by employees or an employee terminates.

2. Fixed Assets are depreciated on a straight line basis with no salvage value. Equipment, furniture and fixtures are depreciated over various time periods based on the useful life of the items they replaced. The building is depreciated over 45 years, the building addition over 60 years and the land improvements over 20 years.

3. Minnesota Laws 1979, Chapter 333, Section 18, appropriated $169 to Federal Surplus Property. As of June 30, 1980, $108 of this amount has been transferred to the Federal Surplus Property account.

4. There is no inventory on the balance sheet because the goods held by the Federal Surplus Property Division for sale remain the property of the federal government until an eligible donee takes possession and fulfills the requirements stated in the State Plan of Operation. Federal Property Management Regulations (FPMR) Sections 101-44.204 and 101-44.205.

STATE OF MINNESOTA
CENTRAL MOTOR POOL FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS

Current Assets:		
Cash		$ 842
Accounts Receivable		207
Due from Commuter Van		3
Due from Materials Management		52
Prepaid Insurance (1)		18
Supplies (1)		27
Total Current Assets		$1,149
Non-Current Assets: (1)		
Vehicles and Accessories	$4,075	
Less Accumulated Depreciation	(1,650)	$2,425
Shop Equipment	$ 24	
Less Accumulated Depreciation	(11)	13
Car Wash	$ 29	
Less Accumulated Depreciation	(6)	23
Office Equipment	$ 7	
Less Accumulated Depreciation	(2)	5
Parking Lot	$ 43	
Less Accumulated Depreciation	(1)	42
Total Non-Current Assets		$2,508
Total Assets		$3,657

LIABILITIES, CONTRIBUTIONS AND RETAINED EARNINGS

Current Liabilities:		
Accounts Payable	$ 331	
Loans Payable - Current (5)	284	
Total Current Liabilities		$ 615
Long-Term Liabilities:		
Due to General Fund (2)	$1,990	
Loans Payable - Non-Current (5)	880	
Total Non-Current Liabilities		2,870
Total Liabilities		$3,485
Contributions and Retained Earnings:		
Contribution from General Fund (2)	$ 252	
Retained Earnings	(80)	
Total Contributions and Retained Earnings		172
Total Liabilities, Contributions and Retained Earnings		$3,657

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

CENTRAL MOTOR POOL FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Operating Revenue: (1)		
Vehicle Rental	$1,961	
Repairs and Miscellaneous Services	127	
Total Operating Revenue		$2,088
Operating Expenses: (1)		
Salaries	$ 299	
Rent – Space	50	
Rent – Other	1	
Repairs – Vehicle	56	
Repairs – Other	4	
Insurance	35	
Auto Parts Shop	107	
Petroleum Products	1,037	
Shop and Office Supplies	11	
Indirect Costs	19	
Miscellaneous General Expenses	25	
Depreciation	549	
Total Operating Expenses		2,193
Operating Income (Loss)		$ (105)
Other Income (Expense):		
Net Gain on Sale of Usable and Wrecked Vehicles		$ 25
Net Income (Loss)		$ (80)
Retained Earnings, July 1, 1979, as Previously Reported	$1,719	
Prior Period Adjustment (6)	11	
Retained Earnings, July 1, 1979, as Restated		$1,730
Less: Residual Equity Transfer to General Fund (2)		(1,730)
Retained Earnings, June 30, 1980		$ (80)

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

CENTRAL MOTOR POOL FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Financial Resources Provided:		
Net Loss	$ (80)	
Add: Expenses Not Requiring Outlay of Working Capital:		
Depreciation	549	
Less: Credits Not Generating Working Capital:		
Gain on Sale of Fixed Assets	(25)	
Other Sources:		
Proceeds from Disposal of Fixed Assets	184	
Advance for Fixed Asset Purchases (5)	1,163	
Disposition of Wrecked Vehicles	2	
Total Financial Resources Provided		$1,793
Financial Resources Applied:		
Purchase of Fixed Assets	$1,179	
Increase in Current Portion of Loans Payable	284	
Working Capital Transfer Out (2)	125	
Total Financial Resources Applied		1,588
Increase in Working Capital		$ 205

	June 30, 1980	June 30, 1979	Increase (Decrease) in Working Capital
Composition of Working Capital:			
Current Assets:			
Cash	$ 842	$ 263	$ 579
Accounts Receivable	207	179	28
Due from Commuter Van	3	13	(10)
Due from Materials Management	52		52
Prepaid Insurance	18	18	
Supplies	27	18	9
Total Current Assets	$1,149	$ 491	
Current Liabilities:			
Accounts Payable	$ 331	$ 162	(169)
Loan Payable – Current	284	0	(284)
Total Current Liabilities	$ 615	$ 162	
Working Capital	$ 534	$ 329	
Increase in Working Capital			$ 205

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
COMMUTER VAN FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS		
Current Assets:		
Cash	$ 21	
Prepaid Insurance (1)	1	
Total Current Assets		$ 22
Non-Current Assets: (1)		
Vehicles	$354	
Less Accumulated Depreciation	(78)	
Total Non-Current Assets		$276
Total Assets		$298
LIABILITIES, CONTRIBUTIONS AND RETAINED EARNINGS		
Current Liabilities:		
Accounts Payable	$ 96	
Long Term Liabilities:		
Due to General Fund (2)	54	
Total Liabilities		$150
Contributions and Retained Earnings:		
Contributions from General Fund (2)(3)	$110	
Contribution from Special Revenue Fund (4)	56	
Retained Earnings	(18)	
Total Contributions and Retained Earnings		$148
Total Liabilities, Contributions and Retained Earnings		$298

The footnotes are an integral part of the financial statements.

COMMUTER VAN FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Operating Revenue: (1)		
Van Rentals		$ 68
Operating Expenses: (1)		
Salaries	$ 3	
Rents	1	
Repairs	6	
Insurance	2	
Printing	1	
ISB	1	
Travel	1	
Gasoline and Oil	33	
Parts	5	
Tires	1	
Depreciation	32	
Total Operating Expenses		$ 86
Operating Income		$(18)
Retained Earnings, July 1, 1979		$ 3
Less: Residual Equity Transfer to General Fund (2)		(3)
Retained Earnings, June 30, 1980		$(18)

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

COMMUTER VAN FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Financial Resources Provided:		
Net Loss	$(18)	
Add: Expenses Not Requiring Outlay of Working Capital:		
Depreciation	32	
Other Sources:		
Contribution from Special Revenue Fund (4)	56	
Contribution from General Fund (3)	108	
Total Financial Resources Provided		$ 178
Financial Resources Applied:		
Purchase of Fixed Assets	$254	
Working Capital Transferred Out (2)	47	
Total Financial Resources Applied		$ 301
Decrease in Working Capital		$(123)

	June 30, 1980	June 30, 1979	Increase (Decrease) in Working Capital
Composition of Working Capital:			
Current Assets:			
Cash	$ 21	$ 62	$ (41)
Prepaid Insurance	1	1	
Total Current Assets	$ 22	$ 63	
Current Liabilities:			
Accounts Payable	96	14	(82)
Working Capital	$(74)	$ 49	
Decrease in Working Capital			$(123)

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA
CENTRAL DELIVERY SERVICE FUND
BALANCE SHEET
JUNE 30, 1980
(000's Omitted)

ASSETS		
Current Assets:		
Cash	$12	
Total Current Assets		$12
Non-Current Assets: (1)		
Fixed Assets	$50	
Accumulated Depreciation	(8)	
Total Non-Current Assets		$42
Total Assets		$54
LIABILITIES, CONTRIBUTIONS, AND RETAINED EARNINGS		
Current Liabilities:		
Accounts Payable	$11	
Total Current Liabilities		$11
Contributions and Retained Earnings:		
Contributions from General Fund (2)	$46	
Retained Earnings	(3)	
Total Contributions and Retained Earnings		$43
Total Liabilities, Contributions and Retained Earnings		$54

The footnotes are an integral part of the financial statements.

CENTRAL DELIVERY SERVICE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Operating Revenue: (1)		
Sales		$141
Operating Expenses: (1)		
Salaries and Fringe	$126	
Repairs	1	
Other Purchased Services	1	
Operating Supplies	4	
Depreciation	7	
Department Overhead	8	
Total Operating Expenses		$147
Operating Income (Loss)		$ (6)
Other Income (Expense):		
Gain on Sale of Equipment		$ 3
Net Income (Loss):		$ (3)
Retained Earnings July 1, 1979		$ 38
Less: Residual Equity Transfer to General Fund (2)		(38)
Retained Earnings June 30, 1980		$ (3)

The footnotes are an integral part of the financial statements.

STATE OF MINNESOTA

CENTRAL DELIVERY SERVICE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1980
(000's Omitted)

Financial Resources Provided:		
Net Income (Loss)	$(3)	
Add: Expenses Not Requiring Outlay of Working Capital:		
Depreciation	7	
Other Sources:		
Transfer of Working Capital (2)	7	
Total Financial Resources Provided		$ 11
Financial Resources Applied:		
Asset Purchases	$26	
Total Financial Resources Applied		$ 26
Change in Working Capital		$(15)

	June 30, 1980	June 30, 1979	Increase (Decrease) in Working Capital
Working Capital:			
Current Assets:			
Cash	$12	$ 8	$ 4
Accounts Receivable	—	12	(12)
Total Current Assets	$12	$20	
Current Liabilities:			
Accounts Payable	11	4	(7)
Working Capital	$ 1	$16	—
Change in Working Capital			$(15)

The footnotes are an integral part of the financial statements.

Central Delivery Service Fund,
Commuter Van Fund, and
Central Motor Pool Fund
Internal Service Fund Footnotes
(000's Omitted)

1. **Summary of Significant Accounting Policies**
The Central Delivery Service, Commuter Van and Central Motor Pool utilized full accrual accounting except for certain expenses.

   - C.M.P. vehicle rentals are accrued to the period the vehicle was returned. Reimbursements from agencies and insurance companies are reported on a cash basis except for commodities billed to commuter van operations.

   - Expenses are based on data received from the Statewide Accounting System (S.W.A.). Also, the Department of Finance allocates costs for general fund services to C.M.P.

   - Vacation and sick leave earned by employees is recognized as an expense when accumulated time is either taken off by employees or an employee terminates.

   - Insurance costs are capitalized as a prepaid expense when purchased and amortized over the period of coverage.

   - Fixed assets are recorded at historical costs less accumulated depreciation. Fixed assets are depreciated on a straight line basis over the estimated useful life. The useful life for all C.M.P. and Commuter Van vehicles has been estimated at 40 months, with a salvage value of 25 percent of acquisition cost. Depreciation is not taken on the commuter vans until they are placed in service. Shop and office equipment useful life and salvage values are estimated to be the same as determined by the Inventory Management Division of the Department of Administration. Central Delivery Services depreciates its vehicles over 6 years with no salvage value.

   - Gasoline and parts inventories are priced using a FIFO cost flow assumption.

2. Minnesota Laws 1979, Chapter 333, Section 56 restricts the "Paid In Capital" amounts for the funds three activities:

– Central Motor Pool Services	$252
– Commuter Van Program	2
– Central Delivery Services	46

   Any amount in excess of these figures were cancelled to the General Fund.

   For Commuter Van and Central Motor Pool retained earnings equal to the book value of vehicles on hand at June 30, 1979 were recorded on the balance sheet as due to General Fund as if the fixed assets had been obtained under advances authorized by M.S. § 16A.126. As these assets are depreciated, the advance can be paid off using the cash flow generated as a result of the depreciation charge.

3. Minnesota Laws 1980, Chapter 579, Section 32, Subdivision 3, appropriated $200 from the General Fund for the purchase or lease of commuter vans. At June 30, 1980, $109 had been used for the purchase of commuter vans. This amount is shown on the balance sheet as a contribution from the General Fund. Subsequent to June 30, 1980, an additional $89 worth of vans were purchased for a total purchase of $198.

4. Minnesota Statutes 1978, Chapter 16.72, Subdivision 7, appropriated to the Commissioner of Administration monies in the parking surcharge account for the purchase or lease of commuter vans. In 1980, $56 was used to purchase vans.

5. Pursuant to M.S. § 16A.126 Central Motor Pool received a General Fund advance of $1,163 for the purchase of vehicles.

6. The balance sheet of June 30, 1979, understated the historical cost of vehicles by $21 and the accumulated depreciation by $10. This resulted in the book value being understated by $11. Minor adjustments to other fixed asset categories resulted in a prior period adjustment of $11.

BEST AVAILABLE COPY

STATE OF MINNESOTA

GENERAL LONG TERM DEBT GROUP OF ACCOUNTS
STATEMENT OF CHANGES IN GENERAL LONG-TERM DEBT
YEAR ENDED JUNE 30, 1980
(000's Omitted)

	Beginning Balance	Increase	Decrease	Ending Balance
Amount Available and to be Provided for the Payment of General Long Term Debt:				
Amount Available in Debt Service Fund	$ 59,988	$ 62,883	$ 61,448	$ 61,423
Amount to be Provided:				
General Fund	$646,430	$110,383	$54,478	$702,335
Special Revenue Fund		528		528
State Airport Fund	1,340		430	910
Trunk Highway Fund	80,346		8,174	72,172
Employment Services Fund	1,235		195	1,040
Loans Receivable:				
State Universities	17,135		17,135	
Total Amount to be Provided	$746,486	$110,911	$ 80,412	$776,985
Total Amount Available and to be Provided	$806,474	$173,794	$141,860	$838,408
General Long-Term Debt Payable:				
Bonds Payable	$800,668	$108,800	$ 78,583	$830,885
Loans Payable	5,806		394	5,412
Capital Lease Obligations		2,111		2,111
Total General Long-Term Debt Payable	$806,474	$110,911	$ 78,977	$838,408

The footnotes are an integral part of the financial statements.

General Long Term Debt Account Group Footnotes
(000's Omitted)

1. Total long-term debt excludes the following contingent liabilities:

   (a) Contingent liability under Minnesota Statutes 475A "Municipal Debt Service Aid Law" totaling $8,692 as of June 30, 1980.

   (b) Bonds payable of $32,840 recorded in the Maximum Effort School Loan Fund.

   (c) Bonds payable of $16,675 of the State University Revenue Bond Fund.

   (d) Contingent liability of $33,081 representing 90% of the outstanding loans of the Family Farm Security Loan Program pursuant to Minnesota Statute 41.56, Subdivision 3. In the event of default, the state would obtain title to the land. Any proceeds from the sale of the land would reduce the liability.

   (e) Unfunded liabilities of retirement funds as of June 30, 1979, determined pursuant to statutory mandated methods as follows:

State Employees Retirement Fund	$ 184,635
Highway Patrolmen's Fund	26,685
Judges Retirement Fund	22,334
Teachers Retirement Fund	1,015,936

   Actuarial calculations are currently unavailable for June 30, 1980.

STATE OF MINNESOTA
HISTORY OF GENERAL OBLIGATION DEBT
1930-1980
(Unaudited)

Fiscal Year	New Issues (Thousands)	Weighted Average Rate (%)	Principal Payments (Thousands)	Debt Service (Thousands)	Outstanding Debt (Thousands)	Debt[1] Per Capita	Debt[2] to Personal Income (%)	Debt Service to Operating Expenditures (%)
1930					$ 91,708	$ 35.77	6.4	
1940					121,607	43.56	8.3	
1950					129,815	43.53	3.3	
1960					202,958	59.45	2.9	
1970	$159,500	5.6	$18,860	$29,995	393,662	103.43	2.8	1.9
1971	138,280	5.0	18,835	36,658	513,107	132.93	3.4	2.1
1972	60,000	4.5	21,500	44,281	551,607	142.28	3.4	2.3
1973	30,870	4.5	28,185	54,688	554,292	142.49	3.0	2.4
1974	107,825	4.9	38,505	68,074	623,612	159.74	3.0	2.9
1975	33,835	5.7	42,530	71,828	614,917	155.83	2.8	2.6
1976	37,265	5.6	45,631	75,360	606,551	152.98	2.6	2.3
1977	174,000	4.8	48,375	82,786	732,177	184.20	2.8	2.3
1978	134,000	4.7	56,584	85,385	809,593	201.19	2.7	2.1
1979	88,500	5.6	61,955	99,372	836,138	205.95	2.5	2.1
1980	110,000	6.3	65,738	105,289	880,400	215.62	2.3	2.2

Sources:

[1]Population estimates from:
Minnesota Department of Health: 1930-70
State demographer: 1971-78
Extrapolation based on precensus estimated 1980 population of 4,083,000: 1979-80

[2]Personal income taken from:
U.S. Department of Commerce, Bureau of Economic Analysis: 1930-1978
Department of Finance projection: 1980

STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT
BY PURPOSE AS OF JULY 1, 1980
(000's Omitted)
(Unaudited)

Authorization Year-Chapter	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1969-1056	School Loans	$ 20,000	Acquisition and Betterment of Public School Land and Buildings	$ 20,000	$18,975	$ 1,025
1971-856	Municipal Aid	20,000	Municipal Aid	20,000	0	20,000
M.S. 116.18	Water Pollution Control	144,000	Prevention, Control, Abatement of Water Pollution	144,000	85,000	59,000
1977-277	Trunk Highway	50,000	Trunk Highway and Interstate Bridges	50,000	31,000	19,000
1978-792	State Buildings	106,900	Statewide improvements	6,000		
			Capitol Complex	4,216		
			Duluth Government Center	11,500		
			Natural Resources	2,580		
			Voc-Tech construction	4,125		
			State Universities	10,188		
			Community Colleges	9,363		
			University of Minnesota	30,233		
			Minnesota Historical Society	3,624		
			Corrections	4,641		
			Public Welfare	16,850		
			Other	3,580	66,505	40,395
1979-280	State Transportation	52,000	County, Municipal and Township Bridges	52,000	13,000	39,000
1979-300	State Building	3,775	Public dam reconstruction	3,775	0	3,775
1979-301	State Building	48,065	Metropolitan open sapce	27,000		
			Betterment of recreation lands	16,465		
			Bicycle trails	3,000		
			Nonmetro open space	1,600	40,000	8,065
1979-338	State Building	75,515	Statewide improvements	2,000		
			Capitol Complex	1,348		
			Natural Resources	878		
			Education	1,225		
			State Universities	6,221		
			Community Colleges	300		
			University of Minnesota	51,242		
			Corrections	10,478		
			Public Welfare	783		
			Other	40	0	75,515
1980-545	School Loans	20,000	Acquisition and Betterment of Public School Land and Buildings	20,000	0	20,000
1980-564	Waste Management	15,000	Waste Processing Facility Assistance	8,800	0	
			Acquisition of Real Property for Hazardous Waste Facility Sites	6,200	0	15,000
1980-610	State Buildings	13,500	Rail Service Improvement	13,500	0	13,500
	Total Authorized, Unissued					$314,275

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1981-2000
PRINCIPAL PAYMENTS – BOLDFACE INTEREST PAYMENTS – LIGHTFACE
(000's Omitted)
(Unaudited)

Fund and Type	Authorization Year-Chapter	Amount Outstanding 6-30-80	1981	1982	1983	1984	1985	1986
General Fund								
State Building, Capital Improvement	'63-1	$ 4,405	**$ 1,468**	**$ 1,468**	**$ 1,469**	**$**	**$**	**$**
			121	81	40			
	'63-677	8,500	**2,140**	**2,140**	**2,140**	**2,080**		
			230	164	98	32		
	'63-839	5,350	**1,790**	**1,790**	**1,770**			
			164	110	55			
	'65-882	14,330	**2,890**	**2,890**	**2,890**	**2,890**	**2,770**	
			444	355	265	175	86	
	X'67-8	31,306	**3,469**	**3,469**	**3,469**	**3,469**	**3,469**	**3,469**
			1,545	1,367	1,189	1,012	883	655
	'69-1159	78,089	**7,336**	**7,336**	**7,336**	**7,336**	**7,336**	**7,336**
			3,988	3,610	3,233	2,847	2,462	2,076
	'71-963	71,336	**5,368**	**5,368**	**5,368**	**5,368**	**5,368**	**5,368**
			3,241	2,974	2,705	2,438	2,173	1,910
	'73-778	37,462	**2,329**	**2,329**	**2,329**	**2,329**	**2,329**	**2,329**
			1,921	1,811	1,699	1,584	1,376	1,267
	'74-541	3,071	**205**	**205**	**205**	**205**	**205**	**205**
			169	157	144	132	121	110
	'75-436	14,347	**847**	**847**	**847**	**847**	**847**	**847**
			727	688	647	606	534	495
	'76-348	45,971	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**
			2,365	2,251	2,134	2,008	1,673	1,556
	'77-421	7,500	**375**	**375**	**375**	**375**	**375**	**375**
			489	463	437	411	384	358
	'77-451	32,573	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**
			1,734	1,643	1,553	1,460	1,363	1,267
	'78-792	64,845	**3,325**	**3,325**	**3,325**	**3,325**	**3,325**	**3,325**
			3,939	3,726	3,514	3,302	3,090	2,878
	'79-301	40,000	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**
			2,610	2,470	2,330	2,190	2,050	1,910
State Building (Voc-Tech)	'75-436	12,575	**775**	**775**	**775**	**775**	**775**	**775**
			670	629	590	550	492	453
State Building (Natural Resources)	'75-415	17,000	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**
			846	798	746	696	646	596
State Building (Parks & Recreation)	'77-421	48,600	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**
			2,283	2,175	2,067	1,945	1,810	1,675
State Transportation	'76-339	21,250	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**
			1,099	1,049	999	943	755	704
	'77-277	45,600	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**
			2,245	2,134	2,024	1,904	1,774	1,645
	'79-280	13,000	**650**	**650**	**650**	**650**	**650**	**650**
			848	803	757	712	666	621
Pollution Control	X'71-20	24,050	**1,738**	**1,738**	**1,738**	**1,738**	**1,738**	**1,738**
			759	671	586	500	415	328
	'73-771	16,950	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**
			885	840	796	749	622	577
	'75-354	28,250	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**
			1,712	1,620	1,527	1,435	1,343	1,251
	'77-418	1,000	**50**	**50**	**50**	**50**	**50**	**50**
			65	62	58	55	51	48
Voyageurs National Park	'71-852	1,670	**600**	**600**	**470**			
			61	35	11			
Zoological Gardens	'73-207	23,250	**1,325**	**1,350**	**1,375**	**1,425**	**1,450**	**1,500**
			1,221	1,149	1,076	1,000	918	844
Vietnam Veterans' Bonus	'73-204	42,000	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**
			1,912	1,775	1,636	1,499	1,360	1,221
TOTAL FOR GENERAL FUND		**$754,280**	**$ 56,029**	**$ 56,054**	**$55,930**	**$52,211**	**$50,036**	**$47,316**
			38,293	35,610	32,916	30,185	26,997	24,445

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1981-2000
PRINCIPAL PAYMENTS – BOLDFACE INTEREST PAYMENTS – LIGHTFACE
(000's Omitted)
(Unaudited)

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
$	$	$	$	$	$	$	$	$	$	$	$	$	$
3,469	**3,449**	**1,789**	**1,789**										
478	299	159	53										
7,336	**7,336**	**7,336**	**7,336**	**4,725**									
1,685	1,294	899	504	185									
5,368	**5,368**	**5,368**	**5,368**	**5,368**	**5,368**	**2,268**	**2,268**	**1,268**	**685**	**435**			
1,646	1,382	1,112	841	566	441	314	190	95	43	12			
2,329	**2,329**	**2,329**	**2,329**	**2,329**	**2,329**	**2,329**	**2,329**	**1,829**	**1,566**	**1,358**	**53**	**53**	
1,156	1,045	931	816	699	580	459	337	229	141	65	6	3	
205	**205**	**205**	**205**	**205**	**205**	**205**	**205**	**205**					
100	88	77	65	53	41	29	16	5					
847	**847**	**847**	**847**	**847**	**847**	**847**	**847**	**847**	**847**	**795**			
454	414	374	333	292	249	205	162	117	72	29			
2,693	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**2,693**	**93**	**93**	
1,436	1,316	1,193	1,068	941	810	679	544	409	271	132	11	5	
375	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**	**375**
333	308	282	260	237	215	192	169	145	122	98	73	49	24
1,743	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,743**	**1,193**	
1,171	1,078	984	896	807	718	628	537	445	352	258	164	69	
3,325	**3,325**	**3,325**	**3,325**	**3,325**	**3,325**	**3,325**	**3,325**	**3,325**	**3,325**	**3,325**	**3,325**	**3,325**	**1,665**
2,671	2,463	2,255	2,067	1,879	1,691	1,500	1,307	1,112	916	716	515	312	108
2,000	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**
1,775	1,640	1,505	1,385	1,265	1,145	1,023	899	774	648	520	390	260	130
775	**775**	**775**	**775**	**775**	**775**	**775**	**775**	**775**	**775**	**175**			
414	374	334	293	251	207	163	119	76	34	9			
1,000	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**			
546	497	448	399	348	296	244	191	138	83	28			
2,700	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**		
1,540	1,419	1,297	1,173	1,049	922	794	664	535	402	270	135		
1,250	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**			
651	598	543	486	429	369	310	249	188	125	63			
2,500	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**600**	
1,515	1,395	1,275	1,156	1,037	916	793	669	545	419	292	164	35	
650	**650**	**650**	**650**	**650**	**650**	**650**	**650**	**650**	**650**	**650**	**650**	**650**	**650**
577	533	489	450	411	372	332	292	252	211	169	127	85	42
1,738	**1,738**	**1,738**	**1,738**	**1,738**	**1,738**	**1,738**	**488**	**488**	**488**				
270	243	216	187	158	129	99	68	40	13				
1,013	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**1,013**	**750**			
532	486	439	390	340	290	239	186	135	82	38			
1,450	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**700**
1,160	1,070	980	898	816	734	651	567	482	397	310	223	134	46
50	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**
44	41	38	35	32	29	26	22	19	16	13	10	7	3
1,525	**1,575**	**1,625**	**1,650**	**1,700**	**1,750**	**1,800**	**1,875**	**1,175**	**75**	**75**			
767	686	602	513	421	325	226	121	39	8	4			
3,000	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**						
1,081	940	797	655	512	367	221	73						
$47,341	**$47,371**	**$45,761**	**$45,786**	**$41,436**	**$36,761**	**$33,711**	**$32,536**	**$27,336**	**$25,185**	**$23,324**	**$14,939**	**$ 9,789**	**$5,440**
22,002	19,609	17,229	14,923	12,728	10,846	9,127	7,382	5,780	4,355	3,026	1,818	959	353

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT (Continued)
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1981-2000
PRINCIPAL PAYMENTS – BOLDFACE INTEREST PAYMENTS – LIGHTFACE
(000's Omitted)
(Unaudited)

Fund and Type	Authorization Year-Chapter	Amount Outstanding 6-30-80	1981	1982	1983	1984	1985	1986
TOTAL FOR GENERAL FUND (from previous page)		$754,280	$ 56,029 38,293	$ 56,054 35,610	$ 55,930 32,916	$52,211 30,185	$50,036 26,997	$47,316 24,445
State Airports Fund								
Aeronautics	'63-791	$ 1,340	$ 430 41	$ 450 28	$ 460 14	$	$	$
TOTAL FOR STATE AIRPORTS FUND		$ 1,340	$ 430 41	$ 450 28	$ 460 14			
Trunk Highway Fund								
Trunk Highway	'59-538	$ 1,830	$ 520 0	$ 450 0	$ 240 0	$ 260 0	$ 270 0	$ 90 0
	'67-873	44,300	5,200 1,829	5,200 1,597	5,300 1,363	5,400 1,124	5,400 884	5,400 644
	'77-277	27,900	1,550 1,311	1,550 1,249	1,550 1,187	1,550 1,117	1,550 1,039	1,550 962
TOTAL FOR TRUNK HIGHWAY FUND		$ 74,030	$ 7,270 3,140	$ 7,200 2,846	$ 7,090 2,550	$ 7,210 2,241	$ 7,220 1,923	$ 7,040 1,606
Employment Services Administration Fund								
State Building, Capital Improvement	'65-532	$ 1,075	$ 175 32	$ 180 27	$ 180 21	$ 180 15	$ 180 9	$ 180 3
	X'67-8	160	20 6	20 5	20 4	20 3	20 3	20 2
TOTAL EMPLOYMENT SERVICES ADMINISTRATION FUND		$ 1,235	$ 195 38	$ 200 32	$ 200 25	$ 200 18	$ 200 12	$ 200 5
Debt Service Fund								
State Universities	'69-1152	$ 10,050	$ 270 554	$ 290 539	$ 305 523	$ 320 507	$ 340 490	$ 355 471
	'73-759	6,625	200 333	200 323	200 312	200 302	200 292	200 282
TOTAL FOR DEBT SERVICE FUND		$ 16,675	$ 470 887	$ 490 862	$ 505 835	$ 520 809	$ 540 782	$ 555 753
Bond Proceeds Fund								
School Loans[1]	'63-601	$ 7,165	$ 1,805 202	$ 1,805 148	$ 1,805 92	$ 1,750 37		
	'65-875	5,650	950 169	950 138	950 107	950 76	950 45	900 15
	'67-583	2,555	245 143	245 129	245 114	245 100	245 85	245 71
	'69-1056	17,470	1,390 967	1,390 889	1,390 810	1,390 730	1,390 636	1,390 555
TOTAL FOR BOND PROCEEDS FUND		$ 32,840	$ 4,390 1,481	$ 4,390 1,304	$ 4,390 1,123	$ 4,335 943	$ 2,585 766	$ 2,535 641
TOTAL PRINCIPAL – ALL FUNDS		$880,400	$ 68,783	$ 68,783	$ 68,574	$64,475	$60,580	$57,645
TOTAL INTEREST – ALL FUNDS			43,880	40,678	37,461	34,194	30,481	27,450
TOTAL DEBT SERVICE – ALL FUNDS			$112,663	$109,461	$106,035	$98,669	$91,061	$85,095

Note: Columns may not add due to rounding.

[1]Total General Obligation Debt Service includes bonds payable in the Maximum Effort School Loan Fund and State University Revenue Bond Fund which are backed by the full faith and credit of the state.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT (Continued)
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1981-2000
PRINCIPAL PAYMENTS – BOLDFACE INTEREST PAYMENTS – LIGHTFACE
(000's Omitted)
(Unaudited)

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
$47,341	$47,371	$45,761	$45,786	$41,436	$36,761	$33,711	$32,536	$27,336	$25,185	$23,324	$14,939	$ 9,789	$5,440
22,002	19,609	17,229	14,923	12,728	10,846	9,127	7,382	5,780	4,355	3,026	1,818	959	353
$	$	$	$	$	$	$	$	$	$	$	$	$	$
$ 5,500	$ 5,600	$ 1,300											
406	168	24											
1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550		
884	815	745	673	602	529	456	381	307	231	155	78		
$ 7,050	$ 7,150	$ 2,850	$ 1,550	$ 1,550	$ 1,550	$ 1,550	$ 1,550	$ 1,550	$ 1,550	$ 1,550	$ 1,550		
1,290	983	769	673	602	529	456	381	307	231	155	78		
20	20												
1	1												
$ 20	$ 20												
1	1												
$ 380	$ 400	$ 420	$ 2,855	$ 4,115									
452	430	408	313	222									
200	200	200	200	200	200	200	4,025						
272	261	251	241	231	221	210	103						
$ 580	$ 600	$ 620	$ 3,055	$ 4,315	$ 200	$ 200	$ 4,025						
724	691	659	554	453	221	210	103						
245	280	280	280										
57	41	25	8										
1,390	1,455	1,455	1,455	435	435	435	435	435	435	435	135	135	60
477	396	313	231	178	155	134	111	88	63	41	21	12	4
$ 1,635	$ 1,735	$ 1,735	$ 1,735	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 135	$ 135	$ 60
531	437	338	239	178	155	134	111	88	63	41	21	12	4
$56,625	$56,875	$50,965	$52,125	$47,735	$38,945	$35,895	$38,545	$29,320	$27,170	$25,310	$16,625	$ 9,925	$5,500
24,551	21,719	18,992	16,389	13,963	11,751	9,923	7,979	6,172	4,648	3,219	1,914	969	358
$81,176	$78,594	$69,957	$68,514	$61,698	$50,696	$45,818	$46,524	$35,492	$31,818	$28,529	$18,539	$10,894	$5,858

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
ALL OTHER FUNDS
ANALYSIS OF CASH FLOW
YEAR ENDED JUNE 30, 1980
(000's Omitted)
(Unaudited)

	Cash Balance July 1	Receipts	Net Transfers and Adjustments	Total	Disbursements	Cash Balance June 30	Investments
TRUST AND AGENCY FUNDS							
Housing Finance	$ 104	$ 61,305	$ 836	$62,245	$62,988	$ (743)	$ 80,200
Higher Education Coordinating Bd.	51	98,261	124	98,436	98,396	40	
Public Employees Retirement	16	162,010	(107,087)	54,939	53,686	1,253	631,547
Public Employees Police and Fire Fund	80	26,037	(21,651)	4,466	4,314	152	111,392
Teachers Retirement	7	184,090	(138,934)	45,163	45,158	5	715,809
Teachers Supplemental Retirement	143	2,413	(1,890)	666	571	95	
Permanent University Fund	19	75	17	111	82	29	
Zoo Monorail	0	277	(35)	242	175	67	
PROPRIETARY FUNDS							
Enterprise Fund	2,232	3,996	(840)	5,388	4,005	1,383	6,318
Prison Industries	15	4,535	1,703	6,253	6,125	128	392
General Services	1,107	11,580	256	12,943	11,742	1,201	

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POPULATION AND ECONOMIC INFORMATION

Population Trends in Minnesota

Minnesota's population in 1970 was 3,815,000 and in 1979 was 4,060,000. Between 1975 and 1979, Minnesota's population grew at an average annual rate of 0.9% per year which is close to the national rate. This recent trend is well above the relative growth between 1950 and 1970, when the state's population grew at approximately 75% of the national rate. Minnesota's population is expected to increase to 4,329,000 by 1990.

The Structure of the Minnesota Economy

Diversification in its major industrial classifications and significant dependence on its natural resource base are two salient characteristics of the Minnesota economy.

When viewed at the one-digit Standard Industrial Classification (S.I.C.) level, the structure of Minnesota's economy closely parallels the structure of the U.S. economy as a whole. As shown in Table 2, Minnesota's employment in 10 major industrial sectors was distributed in approximately the same proportions as U.S. employment. In all sectors except agriculture, Minnesota employment was within 2% of U.S. employment.

Some unique characteristics of the Minnesota economy are apparent in the employment concentrations that Minnesota has in industries that comprise the durable goods and non-durable goods manufacturing categories summarized in Tables 3 and 4. In terms of durable goods industries, Minnesota's employment was highly concentrated in the non-electrical machines, fabricated metals and "other" categories. In the remaining five classifications Minnesota's employment was either under or approximately equal to the U.S. percentage. Of particular importance is the non-electrical machines category in which 37% of Minnesota's durable goods employment was concentrated as compared to 19.4% for the U.S. as a whole. This emphasis is explained by the location in Minnesota of Control Data, Univac and other computer equipment manufacturers which are included in the non-electrical machines classification.

The importance of Minnesota's rich resource base for overall employment is apparent in the employment mix in non-durable goods industries given in Table 4 for 1979. Minnesota had 34% of its non-durable goods employment in food and kindred industries, and had 22% in paper and allied industries, which compare to 22% and 8.5% respectively, for the U.S. economy. Both of these industries rely heavily on renewable resources in the state; over half of the state's acreage is devoted to agricultural purposes, and nearly one-third to forestry production.

Although not apparent in the employment classification shown in Table 2, mining is a significant factor in the strength of Minnesota's economy. During 1979, Minnesota had roughly the same proportion of employment in mining as the country as a whole. Between 1920 and 1950, the proportion of employment in mining in Minnesota was much higher than it is today. Declines in the 1950's and 1960's occurred because of the depletion of high grade iron ore in the mining areas located in the northern part of the state. In recent years declines in natural ore production have been counteracted by expansion in the taconite industry which makes use of the vast quantities of low grade iron ore still remaining in northern Minnesota. Minnesota also has copper and nickel resources that are currently being considered for development.

Employment Growth in Minnesota

In the period between 1970 and 1979 Minnesota employment growth has kept pace with U.S. employment growth in all categories except mining and agriculture, as shown in Table 5. The importance of Minnesota as a regional center is evidenced by the comparatively high employment rates in trade, finance, insurance and real estate, and in services. For example, in the latter category Minnesota employment grew by 64.6% as compared to 47.9% for the U.S.

The relatively high rate of employment growth for Minnesota is an indication of the strength of the economy. Between 1970 and 1979 when population in Minnesota grew by 6.4%, employment increased by 31%. In the same period the U.S. population, on the other hand, increased by 8% while employment grew by 25.3%.

The Performance of Minnesota's Economy During Recent Years

Since 1970 Minnesota per capita personal income has been within four percentage points of U.S. per capita personal income. Variations in the per capita income since 1970 can be traced to changes in the farm economy over the period. In 1973 farm income reached $2.2 billion. By 1976, as a result of the severe drought conditions, farm income had dropped to $630 million or less than one third of its 1973 level. In 1977 farm income improved and Minnesota's per capita personal income rose to 101% of the U.S. level, where it has remained.

As shown in Table 6, Minnesota's per capita income, which is computed by dividing personal income by total population, has increased relative to U.S. per capita personal income for the period from 1950 to 1979. The absolute value of this figure does not represent Minnesota's true status because Minnesota's greater-than-average farm population tends to lower the figures. The numbers do, however, indicate that Minnesota's per capita income has grown at a faster rate than the corresponding U.S. figure.

An indication of how the Minnesota economy has performed in comparison to the economies of the eleven other states in the North Central Region of the U.S. is given in Tables 7 and 8. The measures used in this comparison are personal income per capita, total personal income and non-agricultural employment. In terms of personal income per capita as shown in Table 7, Minnesota ranked fourth out of the twelve states in the region. Minnesota's average per capita income in 1979 was $8,865. When viewed in terms of changes in total personal income during the period from 1970 to 1979, Minnesota ranked fifth out of twelve as demonstrated in Table 7. Minnesota's growth in this period amounted to 147.0%. For changes in non-agricultural employment between 1970 and 1979, Minnesota out-performed the average increase in the region. Minnesota ranked fourth out of twelve and had a growth of 35.9% (Table 8).

Retail sales in Minnesota have also increased at respectable rates in recent years. A breakdown of retail sales by type is given in Table 10. Although the growth has not been uniform for all categories of retail establishments, growth in retail sales was 14.9% from 1978 to 1979. Table 9 shows that for the period between 1972 and 1979, increases in retail sales averaged 12.1% per year. This growth, however, was not uniform from year to year. Retail sales grew only 3.1% in 1975 which was a recession year and at rates of 17% and 16.4% in 1973 and 1974, respectively. The growth in 1979 of 14.9% is above the seven year average of 12.1%.

One measure of the vitality of the state's economy is the relationship of the state's unemployment rate to the national rate. Table 11 shows that during 1979 and the first eight months of 1980, the Minnesota monthly unemployment rate was always less than the national unemployment rate. During 1979, the unemployment rate in Minnesota averaged 4.2%, as compared to the national average of 5.8%. Between January and August 1980, Minnesota's unemployment rate was always well below the national rate.

TABLE 1
POPULATION
(000's Omitted)

Year	U.S.	Minnesota	% Change U.S.	% Change Minnesota
1960	179,957	3,426	–	–
1970	203,824	3,815	13.3	11.4
1975	213,041	3,922	4.5	2.8
1976	214,683	3,954	0.8	0.8
1977	216,365	3,981	0.8	0.7
1978	218,219	4,024	0.9	1.1
1979	220,078	4,060	0.9	0.9

Population figures used by Bureau of Economic Analysis, U.S. Department of Commerce in computing Per Capita Personal Income.

TABLE 2
EMPLOYMENT MIX IN UNITED STATES AND MINNESOTA FOR 1979
(000's Omitted)

Category	Minnesota	% of Total	U.S.	% of Total
Manufacturing Durable	234.3	12.4	12,772	13.7
Manufacturing Non-Durable	148.2	7.8	8,290	8.9
Mining	17.2	0.9	960	1.0
Construction	84.2	4.4	4,483	4.8
Transportation and Public Utilities	100.3	5.3	5,141	5.5
Trade	444.4	23.4	20,269	21.8
Finance, Insurance and Real Estate	91.8	4.8	4,974	5.3
Service	355.8	18.8	17,078	18.3
Government	294.4	15.5	15,920	17.1
Agriculture	124.5	6.6	3,297	3.5
Total	**1,895.1**	**100.0**	**93,184**	**100.0**

Sources: U.S. Employment – U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, July 1980.

Minnesota Employment – Minnesota Department of Economic Security, Mn. Non-Agricultural Wage and Salary Employment, January 1973 – February 1979, published April 1980.

U.S. and Minnesota Agricultural Employment data from Minnesota Department of Economic Security.

Columns may not add due to rounding.

TABLE 3
PERSONS EMPLOYED IN DURABLE GOODS INDUSTRIES IN UNITED STATES AND MINNESOTA FOR 1979
(000's Omitted)

Durable Goods	Minnesota	% of Total	U.S.	% of Total
Furniture, Lumber and Wood	17.1	7.3	1,265	9.9
Stone, Clay, Glass	10.1	4.3	710	5.6
Primary Metals	7.6	3.2	1,250	9.8
Fabricated Metals	38.8	16.6	1,724	13.5
Nonelectrical Machines	86.7	37.0	2,482	19.4
Electrical Machines	28.2	12.0	2,124	16.6
Transportation Equipment	11.2	4.8	2,083	16.3
Other	34.6	14.8	1,134	8.9
Total	**234.3**	**100.0**	**12,772**	**100.0**

Sources: U.S. Employment – U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, July 1980.

Minnesota Employment – Minnesota Department of Economic Security, Mn. Non-Agricultural Wage and Salary Employment, January 1973 – February 1980, published April 1980.

TABLE 4

PERSONS EMPLOYED IN NON-DURABLE GOODS INDUSTRIES IN UNITED STATES AND MINNESOTA FOR 1979

(000's Omitted)

Non-Durable Goods	Minnesota	% of Total	U.S.	% of Total
Food and Kindred	50.1	33.8	1,798	21.7
Textiles and Apparel	9.1	6.1	2,200	26.5
Paper and Allied	33.5	22.6	707	8.5
Printing and Publishing	33.1	22.3	1,240	15.0
Chemical and Petroleum	8.7	5.9	1,320	15.9
Rubber and Leather	13.8	9.3	1,024	12.4
Total	148.2	100.0	8,290	100.0

Sources: U.S. Employment – U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, July 1980.

Minnesota Employment – Minnesota Department of Economic Security, Mn. Non-Agricultural Wage and Salary Employment, January 1973 – February 1980, published April 1980.

Unpublished Data, Minnesota Department of Economic Security.

Columns may not add due to rounding.

TABLE 5

EMPLOYMENT MIX IN UNITED STATES AND MINNESOTA FOR 1970 AND 1979

(000's Omitted)

Category	Minnesota			United States		
	1970	1979	% Change	1970	1979	% Change
Manufacturing Durable	182.0	234.3	28.7	11,208	12,772	14.0
Manufacturing Non-Durable	136.7	148.2	8.4	8,158	8,290	0.2
Mining	15.2	17.2	13.2	623	960	54.1
Construction	63.4	84.2	32.8	3,588	4,483	24.9
Transportation and Public Utilities	86.1	100.3	16.5	4,515	5,141	13.9
Trade	316.2	444.4	40.5	15,040	20,269	34.8
Finance, Insurance and Real Estate	64.6	91.8	42.1	3,645	4,974	36.5
Services	216.2	355.8	64.6	11,548	17,078	47.9
Government	234.9	294.4	25.3	12,554	15,920	26.8
Agriculture	131.4	124.5	–4.5	3,462	3,297	–4.8
Total	1,446.7	1,895.1	31.0	74,341	93,184	25.3

Sources: MN 1970 – Non-Agricultural Wage and Salary Employment, January 1950 – March 1979, published July 1980.

MN 1979 – Non Agricultural Wage and Salary Employment, January 1973 – February 1980.

U.S. 1970 – Table B-32 Economic Report of the President – Transmitted to Congress, January 1979.

U.S. 1979 – U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business.

U.S. Agricultural Employment: U.S. Department of Labor: Employment and Earnings Published Monthly.

MN Agricultural Employment: Unpublished data from Minnesota Department of Economic Security.

TABLE 6

MINNESOTA AND U.S. PER CAPITA PERSONAL INCOME

Year	Minnesota	U.S.	Minnesota as % of U.S.
1960	2,064	2,201	93.8
1970	3,819	3,893	98.1
1975	5,785	5,861	98.7
1976	6,214	6,401	97.1
1977	7,106	7,043	100.9
1978	7,858	7,854	100.1
1979	8,865	8,773	101.0

Sources: 1960-1975 – Survey of Current Business, August 1979.

1976-1979 – Survey of Current Business, August 1980.

TABLE 7

PERSONAL INCOME DATA FOR TWELVE STATE NORTH CENTRAL REGION

State	1970 Personal Income (millions)	1979 Personal Income (millions)	% Increase 1970-1979	Regional Rank	Population (thousands)	1979 Per Capita Personal Income	Regional Rank
Illinois	$49,462	$110,032	122.5	11	11,229	$9,799	1
Ohio	42,133	93,517	122.0	12	10,731	8,715	6
Michigan	35,955	86,572	140.8	8	9,207	9,403	2
Indiana	19,299	46,279	139.8	9	5,400	8,570	8
Wisconsin	16,427	40,043	143.8	7	4,720	8,484	9
Missouri	17,119	40,155	134.6	10	4,867	8,251	10
Minnesota	14,571	35,991	147.0	5	4,060	8,865	4
Iowa	10,306	25,455	147.0	6	2,902	8,772	5
Kansas	8,374	21,873	161.2	2	2,369	9,233	3
Nebraska	5,442	13,668	151.2	3	1,574	8,684	7
South Dakota	2,072	5,137	147.9	4	689	7,455	12
North Dakota	1,904	5,408	184.0	1	657	8,231	11

Sources: 1970 – Survey of Current Business, August 1979.
1979 – Survey of Current Business, August 1980

TABLE 8

NON-AGRICULTURAL EMPLOYMENT IN TWELVE STATE NORTH CENTRAL REGION
(000's Omitted)

State	1970 Employment	1979 Employment	% Increase 1970-1979	% Change Rank
Illinois	4,358	4,859.3	11.5	12
Ohio	3,881	4,495.2	15.8	11
Michigan	3,085	3,627.8	17.6	10
Indiana	1,880	2,259.7	20.2	8
Wisconsin	1,525	1,964.8	28.8	6
Missouri	1,668	2,002.9	20.1	9
Minnesota	1,303	1,770.7	35.9	4
Iowa	883	1,128.3	27.8	7
Kansas	679	946.7	39.4	2
Nebraska	484	626.8	29.5	5
South Dakota	175	240.2	37.3	3
North Dakota	164	243.5	48.5	1

Sources: 1970 – Employment and Training Report of the President, 1979, Table D-1, Page 335.
1979 Employment and Earnings, May 1980.

TABLE 9

MINNESOTA GROSS RETAIL SALES FOR 1972 THROUGH 1979
(000's Omitted)

Year	Dollar Volume	% Change
1972	$ 8,191,628	–
1973	9,586,142	17.0
1974	11,157,737	16.4
1975	11,500,081	3.1
1976	12,761,468	11.0
1977	14,205,957	11.3
1978	15,880,215	11.8
1979	18,241,631	14.9
	Average Compound Rate	12.1

Source: MN Department of Economic Development, Sales and Use Tax Data, 1979.

TABLE 10

MINNESOTA GROSS RETAIL SALES BY TYPE FOR 1978 AND 1979
(000's Omitted)

	1978	1979	% Increase
Hardware – Building Materials	$ 1,888,539	$ 2,016,034	6.8
Retail – General Merchandise	2,155,779	2,581,702	19.8
Food Stores	2,559,301	2,693,093	5.2
Auto Dealers – Gas Stations	4,129,582	4,978,301	20.6
Apparel Stores	453,057	507,674	12.1
Furniture Stores	801,605	850,441	6.1
Eating and Drinking Places	1,338,571	1,511,708	12.9
Other Retail Stores	2,553,781	3,102,678	21.5
Total	$15,880,215	$18,241,631	14.9

Source: MN Department of Economic Development, Sales and Use Tax Data.

TABLE 11

MINNESOTA AND U.S. UNEMPLOYMENT RATES FOR 1979 AND FIRST EIGHT MONTHS OF 1980

	Month	Minnesota	U.S.	Difference
1979	January	5.1	6.4	1.3
	February	4.9	6.4	1.5
	March	4.8	6.1	1.3
	April	4.6	5.5	0.9
	May	3.9	5.2	1.3
	June	4.0	6.0	2.0
	July	3.8	5.8	2.0
	August	3.5	5.9	2.4
	September	3.3	5.6	2.3
	October	3.3	5.6	2.3
	November	4.1	5.6	1.5
	December	4.9	5.6	0.7
	Annual Average	4.2	5.8	
1980	January	6.0	6.8	0.8
	February	6.1	6.8	0.7
	March	6.1	6.6	0.5
	April	5.9	6.6	0.7
	May	5.4	7.0	1.6
	June	6.4	7.8	1.4
	July	6.0	7.9	1.9
	August	5.4	7.5	2.1

Source: Non-Seasonally Adjusted Unemployment Data provided by MN Department of Economic Security.